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The Year the Clintons Moved Up the Ladder

Arkansas Power Broker Aided Them In Successful Commodities Trading

By Jeff Gerth

New York Times Service

WASHINGTON — Starting just before Bill Clinton was elected governor of Arkansas, Hillary Rodham Clinton made about \$100,000 in one year in the commodities market with the help and advice of a friend who was the top lawyer for one of the state's most powerful and heavily regulated companies.

The investments, made in a commodities trading account that was opened three weeks before Mr. Clinton was elected governor in 1978, substantially altered the finances of the Clintons. At the time, Mr. Clinton was attorney general. He and his wife were rising stars in Little Rock, with salaries modest by the standards of their peers.

The proceeds helped them to buy a home, to invest in securities and real estate and eventually to provide a nest egg for their young daughter, according to the couple's associates and a review of the family's financial records.

But the trades, which emerged during a two-month examination of the Clintons' finances by The New York Times, also left them in the position of having significantly relied on the help of one of the state's premier power brokers, James B. Blair, a Clinton confidant who at the time was the primary outside lawyer for Tyson Foods Inc., of Springdale, Arkansas, the nation's biggest poultry company.

In commodities trading, a speculator essentially bets on the future value of a commodity, like cattle or pork, or a foreign currency. Trading in such futures contracts is among the riskiest and most volatile of investments. By some estimates, more than three-quarters of all investors lose money. But a savvy trader, or one with special knowledge of a market, can turn a small stake into millions of dollars.

During Mr. Clinton's tenure in Arkansas, Tyson benefited from a variety of state actions, including \$9 million in loans, the placement of company executives on important state boards and favorable decisions on environmental issues.

Even today, critics in Congress and elsewhere

have complained that the Clinton administration is too close to Tyson and the poultry industry it dominates, sparing it from some of the tougher federal inspection guidelines enacted against the meat industry.

Mr. Blair, who later became Tyson's general counsel, and his wife, Diane, were appointed to important government posts by Mr. Clinton as governor and president.

In a written statement, the Clintons' personal lawyer, David Kendall, said Thursday

Steer clear of partisanship in Whitewater investigation, Republican urges. Page 3.

that Mrs. Clinton traded in commodities futures "with her own funds and assumed the full risk of loss."

"She did so through two different trading accounts in her own name in Little Rock and Springdale, Arkansas," he said. "Mrs. Clinton reported gains and losses on her tax returns as appropriate."

Mr. Blair, in telephone interviews Wednesday and Thursday, confirmed that he encouraged Mrs. Clinton to invest in the normally risky commodity markets and used his investing skills to help guide her through a series of lucrative trades.

Mr. Blair and administration officials designated to discuss the matter—but who would speak only on condition of anonymity—said Mrs. Clinton put up the stake with which she began trading. The officials would not say how much money she put at risk.

Lisa Caputo, Mrs. Clinton's press secretary, said in a statement on Thursday night: "Mrs. Clinton consulted with numerous people and she did her own research. This was her own risk, the commodity investments were her own responsibility."

The administration officials said Mrs. Clinton studied financial data, including some in The Wall Street Journal.

John Podesta, a White House spokesman, said that "Hillary and Jim were friends; he gave her advice."

"There was no impropriety," he said. "The only appearance is being created by

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الجامعة

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST



Zulu activists dancing Friday in Uhundi, capital of the KwaZulu homeland, as their king vowed to lead them to independence. Page 4.

De Klerk Suspends Police for Arming Zulus

Compiled by Our Staff From Dispatches

PRETORIA — A judicial commission announced Friday that it had evidence that senior members of the South African police force supplied arms to the Inkatha Freedom Party and trained killers to foment political instability.

President Frederik W. de Klerk said that the three senior officials named in the report would be put on leave immediately. They are the second-ranking officer in the police force and two generals.

"This is a very serious matter," Mr. de Klerk said.

He proposed that a task force comprising international police investigators, South African police officers, a senior prosecutor and a leading jurist be set up to investigate the evidence and advise on further steps "within the next two weeks."

The allegations support longstanding contentions by the African National Congress of a "third force"—clandestine security forces involved—in the political violence between the ANC and the mainly-Zulu Inkatha that has caused the deaths of 11,000 people in the last three years.

But Mr. de Klerk said the Goldstone Commission report did not necessarily prove ANC allegations of a third force. He said that only "a few" members of the police had been named.

Coming six weeks before the country's first democratic elections, the report undermines Mr. de Klerk's frequently repeated contention that his government was innocent in the violence.

Mr. de Klerk's National Party has been trying desperately to woo black voters. A prime tactic has been to present itself as the party of stability, blaming the front-running ANC for

violence that has torn many black communities.

The report did not discuss involvement by any higher-ups in Mr. de Klerk's government. But it did contain an allegation that the cabinet had authorized an unusual \$340,000 payout to the commander of a secret unit when he was discharged several months ago.

The implicated policemen were apparently involved in violence on trains and in carnage in black townships involving residents of migrant workers hostels, generally members of Inkatha, the report said.

Judge Richard Goldstone said his commission had decided that there was enough "corroboration" to release the report, despite there being a need for more time to complete investigations.

"If those intent on further destabilization succeed in aborting the election," the report says.

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Croats and Muslims Form Federation, Putting Pressure on Serbs

By Steven Greenhouse

New York Times Service

WASHINGTON — Bosnia's Muslim-dominated government and Croatian separatists signed an agreement on Friday that links their territories into a single state in a move that aims to help end the civil war and put pressure on the Bosnian Serbe to make peace.

In a signing ceremony in Washington, the government of Bosnia and the government of Croatia signed an additional agreement that forms a loose confederation between Croatia and the new binational Bosnian state.

Whether the agreements succeed in bringing peace to the former Yugoslavia depends in large part on how successful the United States and Russia are in pressing Bosnia's Serbs to stop fighting and make some territorial concessions, American officials said Friday.

Presiding over the signing ceremony, President Bill Clinton said, "The agreements signed today offer one of the first clear signals that parties of this conflict are willing to end the violence and begin a process of reconstruction."

Several officials said the ceremony, attended

by President Alija Izetbegovic of Bosnia and President Franjo Tudjman of Croatia, was an important building block toward creating a comprehensive peace.

According to these officials, an overall agreement to end the civil war in the former Yugoslavia might be possible in the next few weeks, suggesting that Serbia might push the Bosnian Serbs to make territorial concessions in Bosnia to help end economic sanctions against Serbia.

The agreements on Friday, which were signed after an intense mediation effort by the United States, will create a binational state out

of the 30 percent of the land of Bosnia controlled by the Muslims and the Croats. Bosnian Serbs now control about 70 percent of Bosnia.

Bosnia's Muslim-dominated government, backed by the United States, is urging the Bosnian Serbs to cede about 20 percent of Bosnia's territory so the new state would have about half of Bosnia's land.

"Serbia and the Serbs of Bosnia cannot sidestep their own responsibility to achieve an enduring peace," Mr. Clinton said.

The Bosnian constitution will form a state with about 15 cantons, some Muslim-domi-

nated, some Croat-dominated, some about even. The Muslims and the Croats would share power and would be responsible for foreign affairs, national defense and commerce.

Reacting to the agreements, Momico Krajnic, president of the self-proclaimed Bosnian Serbian parliament, told the Belgrade-based Tanjug press agency that the Muslim-Croat federation was "an unnatural creation" that would never work.

American officials say they plan to press the

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Arabs Agree To New Talks After UN Vote On Massacre

U.S. Refuses to Veto Council Condemnation; 3 States Return to Table

Compiled by Our Staff From Dispatches

UNITED NATIONS, New York — The UN Security Council voted unanimously Friday to condemn a Jewish settler's massacre of Muslim worshippers in the West Bank city of Hebron, and American officials announced immediately afterward that Arab nations had agreed to resume peace talks.

The council approved the condemnation, 15 to 0, as part of a resolution whose wording has deadlocked the Security Council and put President Bill Clinton under intense pressure to exercise U.S. veto power for the first time in four years.

Secretary of State Warren M. Christopher said after the vote that Israel would soon resume senior-level peace consultations with the Palestinians as well as peace talks with Syria, Jordan and Lebanon April.

"There have been intensive Israel-Palestinian contacts at the highest levels today, including a telephone call between Prime Minister Rabin and Chairman Arafat," Mr. Christopher said at a news conference in Washington. He was referring to Yitzhak Rabin, the Israeli prime minister, and Yasser Arafat, the chairman of the Palestine Liberation Organization.

Mr. Christopher added, "A senior-level meeting between Israel and the PLO will take place soon and will be announced by the parties."

Israeli sources, speaking on condition of anonymity, said that Israeli and Palestinian negotiators would meet Sunday or Monday in either Cairo or Tunis, where the PLO is based.

The 15 Security Council members dusted off a procedure not used since 1985 to take separate votes on each paragraph of the resolution, first approving the section condemning the attack.

Attention was focused on the United States to see whether Mr. Clinton gave in to 82 senators who demanded that the United States veto a later clause calling Jerusalem an occupied territory. In the end, the U.S. delegate, Madeleine K. Albright, raised her hand to abstain, not veto, on that clause.

The U.S. tactic had been to use the resolution to coax the PLO to return to peace talks with Israel. The talks were broken off Feb. 25 when a Jewish settler killed at least 29 Palestinians at a mosque in Hebron.

A "no" on the clause would have been the first U.S. veto in the Security Council since a May 31, 1990, decision on sending UN investigators to report on abuses of Palestinians in Israel's occupied territories.

The council members have argued for three weeks about the Jerusalem clause and a call for stationing a "temporary international or foreign presence" to protect Palestinians in the occupied territories. The action bore immediate fruit. Mrs. Albright told the Security Council

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Clinton Seeking To Ease Impact Of China Curbs

By Thomas W. Lippman

Washington Post Service

WASHINGTON — The Clinton administration is studying ways to limit the impact on American businesses and the Chinese private sector if President Bill Clinton decides to curtail China's trade privileges over human-rights issues, senior administration officials say.

Rather than making an "all or nothing" decision on revocation of trade privileges, the administration might impose sanctions only on



TIME TO RETIRE — A Russian officer yawning during a ceremony in Potsdam, to mark a stage in troop withdrawal from Germany.

A New U.S. Line on Russia

'Pragmatic Partnership' Is the Theme

By Fred Hiatt

Washington Post Service

MOSCOW — Defense Secretary William J. Perry left Moscow on Friday after repeatedly invoking a new mantra of U.S.-Russian relations: "pragmatic partnership."

The phrase, rooted in growing skepticism in Washington about United States aid for Russia, is intended to reassure Americans that helping Russia is in their interest, too. Throughout Mr. Perry's visit there was no talk of idealism, shared values or generosity, only of calculated self-interest on both sides.

Several observers said Mr. Perry succeeded, during his brief visit, in showing that the fragile American-Russian partnership is producing rewards for both sides.

But the visit also underscored a dilemma in the new approach: as domestic pressure forces the Clinton administration to invoke American interests to justify aid to Russia, Russians grow ever more suspicious of American motives. That suspicion, in turn, may reduce whatever small influence Washington has over the stormy political change taking place here.

"It appears that Western democrats have given up all their hopes of seeing Russia be-

come a democratic state," an article in Literatura Gazeta said this week. "Their main concern today is to achieve any kind of geopolitical control they can over the new Russian regime." Such comments are typical.

Mr. Perry had to persuade Russians that he was not here only to help America, while per-

suading Americans that he was not just helping Russia, either.

He won a promise from his Russian counterpart, General Pavel S. Grachev, that Russia would join the North Atlantic Treaty Organization's Partnership for Peace program by the end of the month, a move that might quiet some Western fears about Russia's superpower ambitions.

On Friday, Mr. Perry signed an agreement to allocate \$20 million to promote the conversion of Russian arms makers to civilian production. Again, American officials stressed the mutual advantages, since all money is to be channeled through American companies forming joint

See PERRY, Page 4

Kiosk

Clinton Huddles With Greenspan

Dow Jones	Up	Down
New York	30.51	0.86%
	3,895.65	113.38
The Dollar	Ft. close	previous close
DM	1.6968	1.6883
Pound	1.4905	1.4939
Yen	106.12	105.73
FF	5.781	5.7533

In a surprise move, President Bill Clinton summoned Alan Greenspan, chairman of the Federal Reserve Board, to a meeting at the White House on Friday, raising fears of higher interest rates and setting off ripples in the American and European stock and bond markets. Page 9.

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Up and Coming
An occasional series about the leaders of tomorrow.

Asia Forum Heeds Clinton's 'Go West'

"If I were 30 years younger, I know what market I'd want to be in," Mr. Bentsen added.

"I'm from Texas. I'm used to big. But it is difficult to comprehend how big that market is and how those economies are transforming."

Mr. Bentsen's remarks, and the first-ever gathering this weekend of all the finance ministers from the Asia Pacific region, are part of the Treasury Department's efforts to redefine both the boundaries and content of American financial diplomacy.

Throughout the Cold War, America's financial diplomacy tended to be centered on the Group of Seven industrial powers—Britain, France, Germany, Italy, Japan, Canada and the United States—and confined largely to interest rate and exchange rate coordination.

The Group of Seven jobs conference in Detroit last Monday was an attempt by the Clinton administration to try to begin transforming that organization to deal with more practical matters of daily life, like unemployment. This meeting in Hawaii of the 17-nation Asia Pacific Economic Cooperation forum, which includes such economic titans as China, Singapore, Thailand, Indonesia and Taiwan, is the latest manifestation of the

New Missile Threat Seen in North Korea

CIA Says Range of Weapons Could Cover Asia-Pacific Area

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — North Korea is developing two new ballistic missiles that could eventually threaten all of Japan, China, Australia, New Zealand and Southeast Asia, according to the CIA director, R. James Woolsey Jr.

Mr. Woolsey's remarks, at a conference of historians on the origins of the Central Intelligence Agency, was the first public confirmation of reports that the two new North Korean missiles are expected to have a range of more than 1,000 miles and 2,000 miles respectively (1,600 and 3,200 kilometers).

The missiles have been designated by Western analysts as Taepo Dong-1 and Taepo Dong-2, after the name of the North Korean site where they are under development. Neither has been tested in the air, and officials said they would not be completed until the late 1990s.

Unlike North Korea's new Nodong-1 missile, which has been tested and can reach only South Korea and portions of Japan and China, the new missiles "could put at risk all of Northeast Asia, Southeast Asia and the Pacific area," Mr. Woolsey said.

"If exported to the Middle East," he said, "they could 'threaten Europe as well.'

Officials said most intelligence analysts at the CIA and the Defense Intelligence Agency believed

North Korea was probably developing the new missiles on its own. But a minority view within the Defense Intelligence Agency holds that China could have assisted North Korea. The officials added that the issue would be clarified as the missile program proceeds.

North Korea put on its defiant face on Friday, assailing the International Atomic Energy Agency and promising to respond to any "pressure" with a "resolute measure," T. R. Reid of The Washington Post reported from Seoul:

The tough talk from the North was matched in Seoul as South Korean officials indicated they are prepared to support sanctions against North Korea, according to reports in the South Korean media.

In a statement from Pyongyang monitored by radio in Tokyo and Seoul, the Korean Central News Agency insisted that the atomic energy agency rescind its report this week that said North Korea had hindered inspection of its nuclear plants when a United Nations team visited the country March 1-14.

"If the IAEA secretariat sincerely wants a fair resolution of our 'nuclear issue,' it must rescind the unreasonable assessment" of the inspection team, North Korea said.

The statement said that it was the inspectors, not North Korea, who violated the terms of the Feb. 15 agreement between the UN agency and Pyongyang, and that the North had no choice but resist the inspectors' "unjust demands."

"The agency secretariat gave the inspection team instructions inconsistent" with the agreement and "made the inaccurate report from the inspection team a fait accompli," the North Korean statement said.

ISRAEL: Talks to Resume

Confirmed from Page 1

that Syria, Jordan and Lebanon had agreed to resume negotiations with Israel.

The United States and Israel objected to referring to Jerusalem as an occupied territory because they want the issue settled in peace talks. Jordan controlled East Jerusalem until 1967, when Israel took it during a war and then annexed it.

The United States and Israel, not a Security Council member, are willing to accept an unarmed civilian force, but only in parts of the occupied territories to come under Palestinian autonomy according to the Sept. 13 Israel-PLO accord.

The PLO wants an armed international force to protect Palestinians and the removal of Jewish settlements from Palestinian population centers.

Mr. Rabin has proposed that Arab police be deployed in Hebron, provided they are under Israeli authority.

(AP, Reuters)

■ Removal of Jews Weighed

Clyde Haberman of The New York Times reported from Jerusalem:

Prime Minister Rabin was reportedly Friday to be thinking about moving the Jewish settlers in Hebron, taking them out of their several enclaves in that flashpoint West Bank town and concentrating them in one or two locations there.

Officials insisted that they had no concrete plans, adding that in any event they would do nothing until the PLO agreed to return to the suspended peace talks.

But "once the talks resume, everything is possible," a senior official said, declining to rule out future changes in Hebron, a center of religious and nationalist fervor where about 450 Jews live among about 100,000 Arabs whose desire to get the settlers out has greatly intensified since the mass killings.

For Russians, a New Breed of Swindlers

By Celestine Bohlen
New York Times Service

MOSCOW — With the economy in shambles and the legal system a joke, Russia has become a breeding ground for flamboyant post-communist swindlers who take advantage of people's confusion, desperation and what remains of their trust.

Scams have a long tradition in Russia. In "The Government Inspector," Gogol created an impostor who was able to make an entire provincial town believe he was someone he wasn't. And there was Ostap Bender, a literary character of the 1920s who bedazzled Soviet bureaucrats and other fools with schemes so elaborate they barely knew they had been robbed.

The new breed is short on charm, but their gall is staggering. Their scams range from the petty to the bold, from multimillion-dollar deals to run-of-the-mill embezzlement and fraud. There have been fake lotteries andphony investment schemes.

Fake companies have run ads selling nonexistent services. Employment services collect application fees for high-paying, fictitious jobs. Real estate brokers terrorize owners into selling their apartments for next to nothing, and trick buyers into paying for apartments that are not for sale.

In a case recently described in the weekly newspaper Moscow News, a couple in their 20s ran advertisements in several major newspapers offering scarce medicine at cheap prices.

Listing themselves as the Commercial Department of the European Bank, itself a fiction, they asked customers to deliver cash to several Moscow postal boxes, and wait for the medicines to be delivered to their homes. In this way, an estimated 40,000 people,

many of them pensioners, lost 20 million rubles (about \$15,000 at the current exchange rate).

After this, the couple moved into the big time, setting up a company that sought orders from hospitals and pharmacies. They collected an additional 50 million rubles, some of which they spent to buy an office, two apartments and five cars.

According to the newspaper, they were caught only after they demanded more money from their old customers with a form letter citing the impact of inflation on medicine prices.

"It is an amazing thing, but Russians who don't believe in anything anymore — not in the government, not in politicians — are ready to believe an advertisement that promises to make them rich overnight," said Michael Berger, a journalist for the newspaper Izvestia who has investigated some of the scams.

He said a woman who had lost money to a company claiming to be American and promising to give her a 24 percent monthly return on her \$5,000 investment came into Izvestia's offices recently to report she had been swindled. Asked why she had been so trusting, she said, "But they had such nice offices, and at a good address."

In the Communist era, bald-faced scams were rare. But the old underground economy turned out to be a training ground for a new breed of hucksters.

With prices jumping each month by about 20 percent there are good reasons why Russians are frantically searching for ways to protect their savings, if they have any.

The scramble is not only over rubles, but also over dollars, the currency of choice for Russia's new rich, and vouchers, the 146

million privatization coupons distributed to every Russian as their share of the national wealth.

Vouchers, which carried a value of 10,000 rubles when they were issued in October 1991, can be sold, used to buy shares at auctions of state companies, or entrusted to one of 657 registered investment funds, which vary widely in size and credibility.

Underregulated and oversubscribed, investment funds have proved to be a natural haven for Russia's swindlers. There were several notorious scandals in St. Petersburg last year, where an estimated 350,000 people gave their vouchers to companies promising cash and other bonuses. The bonuses never materialized and the companies disappeared.

It is not just individuals who are being duped. This month it was discovered that the director of one of the country's largest automobile plants, GAZ in Nizhni Novgorod, had spent 46.5 billion rubles in state-issued credits to buy up the company's privatization vouchers through 15 different firms.

It was the most blatant case so far of a state manager manipulating the privatization process to keep control of his factory, in this case one that employs 109,000 workers.

Despite these celebrated cases, little has been done to tighten controls on the investment funds, several of which have amassed millions of shareholders who expect handson first-year dividends sometime this spring.

The State Property Committee, which is charged with regulating the funds, cannot fine the funds; all it can do is to suspend or take away their licenses. As some experts point out, this would hardly be a punishment for a company that was already planning to skip town.

These elections must be a way of supporting and showing confidence in those who are managing the affairs of state today," Culture Minister Jacques Toubon said.

A vote of well over 40 percent for the coalition parties, the Gaullist Rally for the Republic and the centrist Union for French Democracy, would be a sign of public favor.

Likewise the opposition Socialists, which dropped to a mere 18 percent in general election last year, will need to win something near 25 percent to claim a serious revival.

Paris Yields To Protests On Youth Wage Plan

Compiled by Our Staff From Dispatches

PARIS — The government retreated Friday on a plan to lower the minimum wage for young people as renewed protests erupted in the provinces, including a battle between rock-throwing students and riot policemen in Lyon.

The retreat came a day after violence erupted in a dozen French cities during demonstrations against the plan. Renewed protests occurred Friday in Lyon, Nancy, Mulhouse, Grenoble and Auch.

In Lyon, youths hurled rocks at police in front of city hall, smashed a bus stop and vandalized a car. The police replied with tear gas. One officer was hospitalized and six rioters arrested. No violence was reported elsewhere.

Labor Minister Michel Giraud announced in a radio interview Friday that he would open immediate consultations with unions and students to modify the proposal on lowering entry-level pay for youths in a bid to increase employment.

It marks still another cave-in by Prime Minister Edouard Balladur's conservative government in the face of determined protest. The government said Thursday that the plan would not be changed.

"This is about paying attention to the worries that have been expressed," Mr. Giraud said. "We can't let this situation get worse when we have 750,000 young people out of work."

He called a meeting for Monday with unions and student leaders.

The proposal would reduce the entry-level minimum wage for recent graduates by 20 percent for a year if employers provided certain training. Critics say it amounts to a double standard that insults the young and will lower wage rates.

Mr. Giraud's compromise would pay youths 80 percent of the minimum wage for doing 80 percent of a normal day's work — meaning no change in hourly pay. The other 20 percent of work time would be spent in formal training.

The change would apply only to those with two years of post-high school education or training.

The government, despite a record majority in parliament, has consistently withdrawn policies when confronted with major discontent — by Air France workers over layoffs, fishermen seeking price supports, and teachers and students against plans to give more public funds to private schools.

Mr. Balladur faces his first national popularity test after a year in office when French voters choose more than 2,000 councilors in elections on Sunday.

Often dominated by local issues, the two-round vote, with a second ballot the following Sunday, will determine who controls France's 95 departments, the administrative districts in charge of public services outside urban areas.

But analysts will be watching mainly how support for the center-right coalition, which swept to a landslide victory in parliamentary elections a year ago, has weathered a year of recession, rising unemployment and social conflict.

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(AP, Reuters)

WORLD BRIEFS

Bangkok Bomb Linked to N.Y. Blast

BANGKOK (AP) — International terrorists who made a huge bomb found unexploded in Bangkok are believed to have ties to the group that bombed the World Trade Center in New York City last year. Bangkok's police chief said Friday.

The police chief, Lieutenant General Chaiyavith Kanchanakaj, said the one-ton device, found Thursday in a large tank on the back of a truck, had been constructed with the same material and was of the same type as the device that damaged the New York trade tower.

The national police chief, Prajin Saengtrop, said that two members of the gang had been identified and that they had been renting a house here. He did not give their names, and said the police were unsure if they still were in Bangkok. Deputy Prime Minister Banvat Banditachai said the police had been ordered to tighten security around foreign embassies.

Touvier Defense Asks Lighter Charge

VERSAILLES, France (Reuters) — A lawyer defending Paul Touvier, the Nazi collaborator, asked the court on Friday to lighten the charge against him. Mr. Touvier is accused of crimes against humanity for ordering seven Jews executed in 1944.

On the second day of the trial, the lawyer, Jacques Tremollet de Villiers, said the charge against Mr. Touvier must be reduced under a new penal code that took effect earlier this month. He said the new code stipulates that a person must commit summary executions on a "massive and systematic" scale to be charged with crimes against humanity. Under the previous code, premeditated murder was sufficient, he said.

He also said the new code allowed extenuating circumstances to be applied to the case because Mr. Touvier claimed he acted under orders. Such circumstances were not permitted before the code took effect. Mr. Touvier, who was sealed in a bulletproof glass box, is charged with the execution of the seven Jews in June 1944 when he was intelligence chief of the French militia in occupied Lyon.

Iranian Plane Crashes in Caucasus

MOSCOW (Reuters) — An Iranian transport plane crashed in the war-torn Caucasus enclave of Nagorno-Karabakh, killing all 32 people on board, and military experts said on Friday it could have been shot down.

The C-130 Hercules was taking relatives of Iranian Embassy staff, mostly women and children, home from Moscow for New Year celebrations in Iran. The Russian Civil Defense Ministry said it lost altitude after the cockpit became depressurized. According to the embassy, the aircraft was carrying 19 passengers, including 9 children, and a crew of 13.

Russia's Inter-Tass news agency quoted military experts as saying the plane, which crashed just north of Stepanakert on Thursday night after straying off course, "could well have been shot down by a mobile anti-aircraft missile system." But a later Tass story quoted unidentified sources as saying it was unlikely the plane had been shot down.

Mexican Rebels Harden Peace Terms

MEXICO CITY (NYT) — Disputing the government's optimism about the prospects for a quick end to the peasant uprising in southern Mexico, the military commander of the insurgents says they will refuse to lay down their arms until at least after a new president is elected in August.

In an interview at a rebel-held village in the Lacandon rain forest, the guerrilla leader known as Commander Marcos suggested strongly that his Zapatista National Liberation Army would reject the peace agreement offered by the government this month. He said that while rebel leaders were still evaluating the offer, many of them viewed the government's promises of political changes, land reform and new social programs in the southern state of Chiapas as unacceptable vague.

And though the draft agreement will still be presented for a vote by peasant communities that support the Zapatistas, Commander Marcos said the insurgents would condition any new talks with the government on changes in Mexican law to assure a more democratic political system. But even so, it appeared from statements by both rebel and government officials that the promise of the draft peace agreement was slipping from President Carlos Salinas de Gortari's grasp. "What is clear is that this is going to take a very long time yet," Commander Marcos said.

Bosphorus Reopens After Tanker Fire

ISTANBUL (AP) — The Bosphorus reopened to traffic on Friday after the crude oil aboard a stricken tanker stopped burning, five days after the vessel collided in the strait with a freighter.

About 200 vessels have been waiting at both sides of the waterway to get through. The Bosphorus links Istanbul's European and Asian coasts and is a major shipping route.

The accident occurred Sunday after the freighter Ship Broker, which was sailing empty toward the Black Sea, collided with the oil tanker Naxia, which was carrying 51,000 metric tons of crude oil from Russia to Italy. Both were registered as Greek Cypriot vessels. Eighteen crew members were killed and 11 are missing.

For the Record

Five people were killed and five were wounded in various incidents of related to the Kurdish conflict in southeast Turkey, according to Turkish security officials. The dead included two members of the Kurdistan Workers Party.

TRAVEL UPDATE

Scandinavian Airlines System said it will expand its flights connecting Copenhagen to Berlin and Vienna to two a day from one and will begin service to Saint Petersburg, Tallinn, Estonia, Vilnius, Lithuania, and Thessaloniki, Greece, beginning March 27. SAS will also begin three weekly flights to Reykjavik, and increase its flights to Dublin and Tel Aviv.

Three of Moscow's four airports were closed by snow on Friday, with only the domestic airport, Domodedovo, remaining open. (Reuters)

Finnair will increase flights abroad by 7 percent this year, to meet growing demand. New routes include three weekly flights from Helsinki to Vilnius, Lithuania, and five flights a week to Manchester, England, via Stockholm. (AP)

Air Pacific, Fiji's flag carrier, has contracts to bring German vacationers to Fiji on its new service from Los Angeles starting in July. (AP)

(AP, Reuters)

Linked to N.Y. Bank
International terrorist who made a large
sum in New York City last year, has
been arrested in a large bank on the back of
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General Chayaphan Kamchon-
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quested to tighten security around foreign
banks.

se Asks Lighter Charge
Court — A lawyer defending Pauline
is accused of charges against him
in 1984. The lawyer Jacques Tremblay
Tremblay must be released under a
summary conviction. He said the new code
of summary conviction "is a major
murder was ruled out by the court.
Mr. Tremblay claimed he acted under
circumstances permitted before the code took effect
in June 1984 when he was intelligent
and Lyon.

Crashes in Caucasus

Iranian transport plane crashed in the
Azerbaijan-Karabakh killing all 12 per-
sonnel and Friday, May 3 have been
taking relatives of Iranian emigres
home from Moscow for New Year's

Iranian Defense Minister said it was
accident. According to the embassy, there
are 4 children and a crew of 8
military experts as well as 8
of Stepanakert. In Thursday night
all have been shot down by a missile
at a later time. It was shot down
when the plane had been shot down.

Harden Peace Terms

Disputing the government's
end to the peace process, the
leader of the opposition says the
least after a few days, he
will be able to get a
village in the Lachin district, near
Commander Major General George
Armenia, who has been the peace
process. He said that while the
group of them, the government
and reform and the peace program
undersecretary of state
said the Zapatistas would not
allow any new peace deal if they
assure a more democratic
statement to the people and
the draft agreement to the
government's grant of autonomy
to the Zapatistas.

After the peace deal, the
Zapatistas will be able to
make any new peace deal if they
assure a more democratic
statement to the people and
the draft agreement to the
government's grant of autonomy
to the Zapatistas.

Senate Gets '3 Strikes' Crime Package

WASHINGTON — The House Judiciary Committee sent a package of anti-crime legislation to a floor vote next week, including a bill that would impose life imprisonment for offenders convicted of three violent crimes.

The committee endorsed its version of the "three strikes and you're out" measure, 27 to 8, with opposition coming only from liberal Democrats who argued against mandatory sentencing. The panel's version, which largely followed administration recommendations, would affect fewer violent criminals than language the Senate passed last November as part of an omnibus crime bill. (WP)

Quote / Unquote

George Stephanopoulos, White House adviser, after receiving a subpoena from the Whitewater special counsel to appear before a grand jury looking into the case: "I welcome the opportunity to give Mr. Fiske the facts." (LAT)

L UPDATE

Volum-Seekers

2 Die in Greek Train Wreck

ATHENS — Two people
died in a train accident in
the early hours of Saturday.

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International Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The Choice for North Korea

If North Korea keeps international inspectors from taking samples at a key nuclear site, Washington will have little choice but to put off Monday's high-level meeting with Pyongyang. Those talks are aimed at opening North Korea to even more intrusive nuclear inspections in exchange for political and economic rewards. As long as North Korea reneges on inspections it has already agreed to, there is no point in talking about new inspections.

But before Washington takes further punitive actions such as resuming provocative military exercises with South Korea, it needs to give the North another chance to make good on its pledge to allow the inspectors access. Washington should avoid steps that will foreclose further dialogue.

North Korea needs to understand that it now faces a clear choice between isolation as a nuclear renegade and engagement with the rest of the world as a nuclear-free nation. To resume high-level talks with the United States, the North must allow international inspectors to take samples that Pyongyang agreed were necessary to assure that no recent diversion of nuclear material has taken place and that safeguards to prevent diversion remain in place.

The samples in question involve taking swabs of a glove box used to handle radioactive materials and analyzing gamma radiation in a suspected reprocessing plant at Yongbyon. The samples are necessary to detect any traces of nuclear material that may have been transferred from a nearby reactor for possible reprocessing.

The North also needs to exchange special envoys with the South for talks to carry out their 1991 accord to ban nuclear reprocessing, as it promised to do. Only then can Washington resume high-level talks to resolve the nuclear issue and forge closer ties.

If the North does not act soon, the International Atomic Energy Agency may have no recourse but to turn the matter over to the UN Security Council. The council, in turn, is likely to impose economic sanctions, which would deepen North Korea's isolation and further stifle an economy that could benefit from greater openness. But Washington need not hurry to press for sanctions, which might only intensify the North's determination to develop nuclear arms. Given Pyongyang's economic straits, time is, after all, on Washington's side.

—THE NEW YORK TIMES.

Time to Return to the Table

President Bill Clinton and Prime Minister Yitzhak Rabin of Israel, meeting in Washington, had some good advice for the PLO. Come back to the Hebron-interrupted Israeli-Palestinian peace talks, they said. Both in words and between the lines they suggested that in negotiations, the Palestine Liberation Organization is likely to reap advantages equal or superior to those it insists on receiving as a condition of returning to the table. Some of these gains would go directly to the issue—the security of Palestinians under Israeli occupation—raised at Hebron.

Yasser Arafat, the PLO chairman, already had a heavy political problem before a Jewish settler killed 29 Palestinians in Hebron on Feb. 25. After the massacre he has an even greater need to show leery residents of the West Bank and Gaza that peace talks promise real gains. His burden is most swiftly eased, however, precisely by returning to the talks and by keeping the talks the central venue of Israeli-Palestinian dialogue. Israel, with renewal of these talks, would necessarily be at pains to show its reasonableness to Palestinians. Closure on the remaining issues of autonomy for Gaza and Jericho would at once alter the lives of a great many Palestinians.

It is shortsighted of the PLO to pose condi-

—THE WASHINGTON POST.

A New Check on Plutonium

The United States and Russia are now working out an astonishing agreement under which inspectors from each country would be able to go and count the plutonium triggers being taken out of the other's deactivated missiles. If this agreement is carried out as now envisioned, it can lead to many kinds of benefits. First, it can provide a simple way to check on the dismantling of weapons. Reconciling the requirements of secrecy and verification has always been the hardest part of any arms control treaty. Now that the two countries are no longer threatening each other with these weapons, better verification becomes possible. Inspection would also enable each government to reassure itself regarding the care and skill with which the other is guarding these components. The possibility of theft or diversion of plutonium has always been a great concern surrounding these nuclear armories, and the tumult of Russia's second revolution has heightened those concerns. No doubt each side can learn from the other about procedures for keeping plutonium out of the wrong hands.

There are much broader benefits as well.

—THE WASHINGTON POST.

Close the Book on Harding

One big complaint to be made about the guilty plea by Tonya Harding is that because of it, we may never know how much she really had to do with the violent assault on Nancy Kerrigan in December. But one thing is certain: Ms. Harding is a convicted felon.

Her conviction was carefully circumscribed: "I'd just like to say I'm really sorry I interfered," she told the court. This is in the nature of plea bargaining, where a kid who steals a car to speed all over the country may end up pleading guilty to something like "unauthorized use" as if he had merely forgotten to ask Uncle Leonard for permission to drive the Buick to the 7-Eleven.

The offense: Ms. Harding pleaded to in Portland, Oregon, was hindering prosecution in the Kerrigan attack — that is, knowing about it after the fact and not telling authorities. But a deputy district attorney said that there was "substantial evidence to support Ms. Harding's involvement prior to the assault" and that if this bargain had not been made, "we would have proceeded with indictments on other pertinent charges."

It would have satisfied some part of the public's curiosity to see Ms. Harding's former

husband testify about what she knew, and when, and what she did. But given the nature of the key witness — alleged conspirators in the Kerrigan assault — and the odd, not to say bizarre, history of juries in a number of recent high-profile trials, who is to say the prosecutors did not make the best possible deal? Ms. Harding will not do time, but her neither will she be coming out on the courthouse steps some day in the near future to announce to a mob of reporters: "I consider this a complete vindication."

As part of her plea bargain, Ms. Harding agreed to withdraw from amateur figure skating. But there is no guarantee that she will not make a great deal more money out of her notoriety than she ever would have out of amateur skating. She already has a \$600,000 deal with a TV show. That Tonya Harding should profit from the crime would be a sort of crime in itself, but one that is largely beyond the reach of prosecutors and for which a whole lot more of us than Ms. Harding would be indicable. The best way to prevent it is for enough people to decide that for them, the Tonya Harding story is over.

—THE WASHINGTON POST.



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No Sensible Choice but a True U.S.-Russia Partnership

By Andrei Kozyrev

The writer is foreign minister of Russia.

MOSCOW — A great debate rages in Russia and the West on the possibility of a Russian-American partnership. In this global transition, can the superpowers become real partners?

Some commentators consider the question premature, at best. Others are already predicting a new rivalry.

I dispute both responses.

For those who support the goals of a Russia that is open to the world and the transformation

There will be no perfect harmony, of course. Hard compromises will be needed.

of the volatile post-Communist orbit into a stable, democratic order, there is simply no alternative to genuine partnership.

Both sides must be prepared for hard compromises to make it work.

Now, we Russian democrats who stand behind these goals have met fierce political — even armed — resistance. But I must say, sadly, that in these confused days sometimes we are neither understood nor adequately supported by our natural friends and allies in the West. Even at this critical moment in Moscow, when democracy needs all the help it can get, we hear Western threats to reduce economic cooperation with Russia.

These threats are provocative and senseless, echoing a history of foreign policy debates I thought had ended. Some views suggest an almost maniacal desire to see only one leading power in the modern world — the United States of America — and to obsessively proclaim American leadership everywhere.

Instead of policies, these reactionary forces make myths — the most cherished of which is that because Russia is condemned to perpetual totalitarian rule, always in confrontation with the outside world, it is historically incompatible with the West.

The simplest way to turn such myths into self-fulfilling prophecies would be to abandon the agreements our presidents have signed.

Yet it appears that some Western politicians, in Washington and elsewhere, envision Russia not as an equal partner but as a junior partner. In this view a "good Russian" is always a follower, never a leader.

It is some of these same short-sighted visionaries who argue that the Western countries' economic problems prevent them from

providing Russia access to markets.

From the outset, pragmatic politicians in

Russia and the West have proceeded on two premises. First, Russia is destined to be a great power, not a junior one. Under Communist or nationalist regimes, it would be an aggressive and threatening power, while under democratic rule it would be peaceful and prosperous.

But in either case it would be a great power. And second, partnerships like ours cannot nego-

tiate a firm, even aggressive, policy of defend-

ing one's own national interests.

This may result in occasional disputes, but the context must remain one of compromise rather than confrontation. How naive to expect powers as great as Russia and the United States always to be in harmony!

It was in this spirit that my recent talks took place in Vladivostok with Secretary of State Warren Christopher and in Moscow with Secretary of Defense William Perry.

A particularly promising example of practical cooperation was the American agreement to involve Russian experts in defining the principles that should govern exports of militarily useful technology from the West to formerly Communist countries and those accus-

ed of state-supported terrorism.

Joint efforts — especially at the early stages, before situations become fairs accom-

plishes — indicate a real partnership, whether in the field of technology or regional conflict.

What should Russian democrats do about the chauvinistic new banners flapping in the Washington wind? Russia cannot agree to a subordinate global role. It would be unjustified and politically dangerous. Extreme nationalists and other reactionaries would soon capitalize on such defiance.

Indeed, they are already seeking to do so.

Some Russian democrats remain pessimisti-

cally in their kitchens that while Yegor Ga-

dar, the former deputy prime minister, did not receive serious economic assistance from the West, it is the ultranationalist lawmaker Vladimir Zhirinovsky who reaps the political benefits of the rhetoric about providing aid, much of which has never come.

While the notion of American global hegemony is dangerous, there remains an urgent need for American leadership, given the special position of the United States in the Group of Seven and in NATO.

Recall that NATO was created for the purposes of containing communism and consolidating Western democracies against its threat. But in today's world, NATO is inadequate, for two reasons. It no longer confronts communism as its main enemy, and it does not have Russia as a member.

What role should NATO serve in resolving major international conflicts? The organizational problems could be resolved partly through the U.S.-proposed Partnership for Peace, which several nations in Eastern and Central Europe have joined and which is acceptable to Russia as well.

But even this should not be viewed as a true joint partnership in world affairs. The problem has been posed most concretely by the crisis in Bosnia. The NATO ultimatum on Sarajevo was presented without Russian participation. It is unacceptable to exclude Russia from efforts to resolve the situation in Bosnia, where it has present and prospective interests.

Unless we urgently begin to build a strategy and mechanisms for a mature relationship based on reality — dare we call it realism? — the Russian and American advocates of moderate self-fulfilling prophecies will surely exploit the present situation.

And both countries will surely lose.

The New York Times

China: Reports of Christopher's Debacle Are Greatly Exaggerated

By Jessica Mathews

prisoners, respecting Tibet's heritage and allowing international broadcasts.

The policy came as close as any could have to satisfying all sides, including those now lining brackets.

Both sides must find a way to remove the MFN obstacle to a relationship in which neither human rights nor commercial exports is the most important element.

The odds for action now rest squarely with Beijing. Unnoticed in reports of the meeting were several small steps forward: an agreement on prison inspections with specific time limits; information on 235 prisoners; a first-time pledge to provide information on 106 Tibetans; incremental steps on emigration; and an agreement to receive technical data on the

destructive China in the Security Council, on regional security issues — especially North Korea — on environmental matters such as global warming and on the issue of its extensive

possession of weapons of mass destruction.

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In return, Congress must find a way to remove the MFN obstacle to a relationship in which neither human rights nor commercial exports is the most important element.

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Unexplored Avenues at Maastricht Fair

International Herald Tribune

MAASTRICHT, Netherlands — At some distant intervals, that owes nothing to the museum world thrusts under our eyes elements of an alternative art history — artists whose names were unknown, works by great painters that do not fit into recognized trends, beautiful objects that are isolated. Art looks fresh again.

It becomes the wonderful surprise it should never cease to be. Collections know the feeling. They

SOUREN MEKIKIAN

keep venturing into the unknown. At the European Fine Art Fair in Maastricht (to Sunday), they got more of it than anywhere this year, which may well account for the roaring success of the fair.

Even the most intensively exploited areas are full of unexplored avenues. Take 19th-century painting, about which the last word seemed to have been said a hundred times over. Yet, not many would be able to put a name, off hand, on the 48 oil sketches — many unfinished — that fill the stand of the Galerie d'Armenberg from Brussels. Their diversity is astonishing.

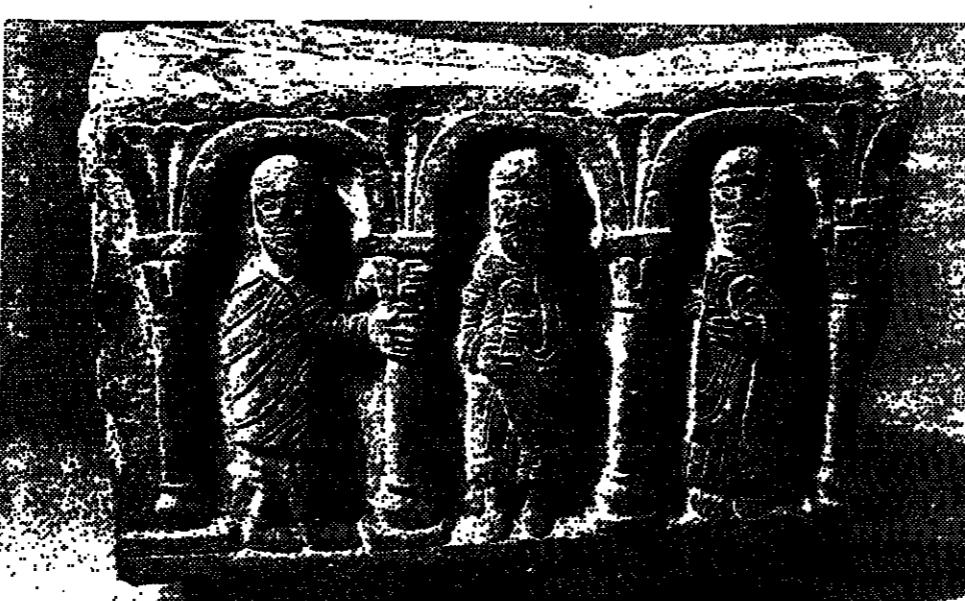
One strain is reminiscent of Corot on his first trip to Italy. The colors are fresh, the light is crisp, intense even. In the study of a 17th-century house on top of a hill, this is combined with a brisk brushwork in the handling of clouds, rather like Eugène Boudin's.

Another strain has something of the hazy golden tonalities of Turner in his Italianate phase. Last but not least, there is a group with a strong penchant for naturalism. The view of a hillock covered with vegetation anticipates Courbet. Other close-up studies of plants have a precise, jewel-like quality entirely of their own.

Such are the paintings done by Gilles-François Joseph Clossen, from Liège, during a four-year trip to Italy, from 1823 to 1829. Denis Coelckers, of the Galerie d'Arenberg, bought them at auction as anonymous work. A real coup to be sure. But hardly anyone else could have made it. Coelckers, an art historian turned dealer, wrote his doctoral dissertation on "Les peintres belges à Rome de 1700 à 1830." He alone must have scrutinized the only other recorded oil studies by Clossen in the Cabinet des Estampes (print cabinet) of the Musée d'Art Moderne in Liège, where they are kept in storage.

The Clossen sketches were well received. By the end of the second day, nine had gone — the house on top of a hill costing its buyer a modest \$9,200. They do not just reveal a virtually unknown artist of real talent. They also open up new vistas on the cross-currents from Britain to France to Italy — in which Belgium was caught up.

Other chapters of art history closer to our time need a rewrite regarding Northern Europe. The Dutch painter Jan Toorop,



Fragment of early 12th-century Merksem font from Mosan, southern Netherlands.

well known in his own country, has yet to be recognized beyond its borders for the real flashes of genius he sometimes displayed. Forget his Symbolist period, for which most specialists would acknowledge his existence. A masterpiece in poetic evocation — a woman appearing between trees — done in short brush strokes in Postimpressionist fashion can be seen on the stand of Studio 2000 from Amsterdam. Teetering on the brink of Abstraction, the Toorop has not been reproduced except for a commercial ad in the in-house magazine.

The Berls Gallery has chosen to project the image of a different Odilon Redon. This is not the perennial author of hazy pastels in a Symbolist mood. There is an exquisite view of a beach and a gem of a still life in black and red. Painted in oils, both defy classification within recognized styles.

Yet, all this pales into insignificance compared with the surprises bought again, after having owned them already twice in his career, can be dated from the costumes around 1600 to 1610. They are harder to place. In the early 20th century, they were thought to be Flemish. Now they are seen as Dutch. The woman shown walking has an elongated figure still smacking of Mannerism, but the brisk, decisive step and her way of gathering her dress herald Modern times. No name can be attached to any of the bronzes in the small group to which the pair belongs.

The masterpiece of German metalwork at the fair is equally elusive. The steel money case of travelling-trunk size is forged and chiseled in the greatest Baroque style. Its sumptuous profile, its scrolling patterns, the smiling masks of its chimeras, display the utmost mastery. Albrecht Neuhans of Würzburg, who displays it for the second year running and who has handled more German Renaissance and Baroque

objects in his store. And in this, the Maastricht fair reigns supreme. Axel Verwoert, who deals from his Castle of 's Gravenezel near Antwerp, has come up with a series of four bronze medallions from France, hitherto unrecorded. They will keep art historians arguing for years.

Two are identified in ink inscriptions (written later, perhaps in the 19th century) as François de Guise (1519-1563), lieutenant general of the French Kingdom, and his wife, Anne d'Este. The sharply chiseled busts have a Fontainebleau School feel to them. Charles Avery, the Renaissance bronze specialist, ascribes the group to the Italian artist known in France as Dominique Florentin and to the Frenchman Jean Picard. It may be a long time before a firm conclusion can be reached.

A wonderful pair of bronze figures, which Verwoert recently

art in princely Schatzkammer (treasury) taste than any scholar ever can, is still in the dark as to its maker's identity. He had never seen a comparable piece. Possibly Bavarian or Viennese, it is so surprising that no bid had been made for it at the time of writing. The truth is that what we call so lamely "decorative" art is poorly known and barely recorded in vast areas.

Patrick Reijgersberg of Haarlem sold on the opening day a monumental casket with carved scroll-work in low relief and etched steel fittings from Southern Germany, perhaps Nuremberg. It was used for carrying bags of coins, possibly those of a late-16th-century banker, or princely treasures. The man must have been receptive to fashion trends. On the narrow ends, the steel plates for the handles are polylobed and cusped in the Middle Eastern style that was in vogue for 20 or 30 years at the time when Germany adopted certain types of arms and armor from Ottoman Turkey, such as the Zischägge type of helmet. A double-headed eagle connects it with Rudolph II. In any other field of art, such a piece would cause a sensation. Not hitherto reproduced, it was swiftly purchased upon by a German dealer.

EVEN more revealing is the fate of a brass basin with a lobed well, originally inspired by a Chinese shape that was made in repoussé around 1600 somewhere in Holland. When a colleague saw it several years ago, he told Reijgersberg that it could not be right. The patina alone guarantees that it is — the blackened object must have been dug up from some pit. The Amsterdam Historical Museum clearly had no such qualms. It bought it last week for 4,800 guilders — about \$2,500. The piece is admirable, but fear can have a blinding effect. So goes the lure of Maastricht for the undaunted art explorers.



Steve Mufson/The Washington Post

Yue Min Jun's "Happiness," on show at the Schoeni Gallery in Hong Kong.

A Chinese Revolution

By Steven Mufson
Washington Post Service

BEIJING — At the height of the Great Proletarian Cultural Revolution in the mid-1960s, Mr. and Mrs. Xia, both Beijing sculptors trained by Soviet teachers, were deemed politically incorrect and banished to the impoverished province of Anhui. There they cleaned floors, swept streets and pulled wooden carts. Forced to recite quotations of Chinese Communists Party Chairman Mao every day, Mrs. Xia had a nervous breakdown. Twenty-five years later — with the Communist Party devoted to promoting economic growth instead of proletarian revolution — China is once again in the throes of a cultural revolution. But this one is quite different.

Mr. Xia's 36-year-old son, Xia Xing, is an artist too — an oil painter. But unlike his parents, he paints as he pleases — in his case, mostly portraits in a style reminiscent of 16th-century Dutch masters. For a recent New York exhibition marking the 100th anniversary of Mao's birth, Xia Xing painted a sly portrait of a gray-haired chairman in his drab trademark Mao suit — with the yellow edge of an emperor's robe sticking out from underneath the sleeve and collar.

"Young artists treat art as art, not as a propaganda tool for the government," says Xia Xing.

At the center of the new cultural revival is contemporary Chinese oil painting, which is being produced by graduates of elite state-controlled institutes and fed by China's economic reforms and the sudden surge of foreign investment. Several contemporary art galleries have flowered in Beijing, while galleries from Hong Kong to London have been selling and promoting the new Chinese oil painters.

The revolution is as much about money as art. The ability to lure rich new patrons has radically reshaped contemporary Chinese oil painting — at once liberating painters from bureaucratic dictates and threatening to enslave them to commercial temptations. Some painters can now earn as much through one painting as they would have made in a lifetime as a salaried member of a government art institute. Yang Yuan Fei, for instance, a professor at the Beijing art institute, commands as much as \$10,000 for a portrait.

Two galleries, one in Hong Kong and one in Beijing, provide windows onto the contemporary Chinese art

market. They display the mixture of unfettered commercialism and guarded expression that comprise Chinese art, and society, today.

Opened in December, the Century Gallery in Beijing is in the middle of Ritan Park, in a building where a 16th-century Ming emperor used to change into ceremonial robes. Century is trying to edge its way into the market, and joins a growing field of serious Beijing galleries, including September Gallery, the Red Gate gallery, the Beijing Concert Hall gallery, and galleries in the Oriental Gate and the Crown Plaza Hotel. Century's offerings are aimed at foreign business people, embassies, foreign companies and the small number of newly rich Chinese entrepreneurs, asking prices ranging from \$1,000 to \$12,000 per painting. Prime Minister Li Peng recently told a Chinese newspaper that he earns the equivalent of less than \$100 a month after taxes.

In particular, the portraits at Century show how Chinese painting has departed from the glorification of ordinary Chinese people. Among the paintings on sale is a nude painted by Wang Hua Xiang depicting a middle-aged, grim-faced woman with a tired looking body twisted away from her image in a mirror. Liu Shao Nai, a bold, life-like canvas that depicts the bare-chested artist asleep in a drab gray room with paint peeling from the walls.

UNLIKE the Century, the Schoeni Gallery is already well-established in the British protectorate that is the bustling business and trading center for southern China and much of Asia. Its owner, Manfred Schoeni, is a long-time dealer in antique Chinese art.

The paintings at a current Schoeni exhibition include a variety of styles. In "Happiness," a large canvas on sale for about \$10,000, Yue Min Jun depicts a sea of young men in identical white T-shirts bearing a logo showing Tiananmen Gate. The men's smiling faces are identical, suggesting a lack of individual identity and a falsehood to their cheer. Red balloons, normally seen during China's national celebrations of the revolution, float overhead. In a pair of canvases called "Consumer Icons II," on sale for about \$8,500, Qizhi Long has painted a bikini-clad woman, faceless except for her red lips, who is surrounded by flowers — each with a picture of Mao in the center.

Past and Present at Paris Salon

By Michael Gibson
International Herald Tribune

plon, Marwan Hoss, J. G. M., Durand-Dessert, Contini galleries, etc.), in conjunction with the art of other periods and cultures.

Gervis's own large stand is probably the best instance of this approach: With the advice of Claude Lévy, he has conjured up a handsomely furnished apartment hung with works by Poliaff, Olivier Debré, Bengt Olsen and others.

This sort of presentation does set works off to their advantage — much more so than would the abstract space of a gallery — and favors an impression of conviviality, instead of generating the austere, mortuary-chapel mood that so many contemporary galleries strive single-mindedly to achieve.

The salon has 75 participants this year. African art is well represented by such authorities as Philippe Guiomot (showing, among other things, a delightfully humorous 18th-century Kondo pipe), and Alain de Montbrison (some first-rate Fang pieces).

Richard Temple has sent over from London a collection of outstanding ancient icons, while Janet Ostier has assembled a delicious selection of Japanese works devoted to animals of every kind. The various facets of Chinese art are represented by such galleries as Michael Goedhuis with some stunning bronzes (including some with a magnificent red and green patina), and Robert Hall, with a galaxy of precious, many-colored snuff bottles.

In former years the Salon de Mars seemed to achieve a more intimate blending of contemporary and primitive art with objects and furniture than it has managed to do this year.

The fair, on the Champ de Mars, runs through March 27.

ART EXHIBITIONS

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ADVENTURE LURES FIVE MILLION YOUNG PEOPLE

A uniquely American phenomenon, summer camps have been popular ever since the days of religious camp meetings in the early 1800s. This summer, over 5 million young people and 330,000 full-time employees will attend 8,500 sleepaway and day camps in the United States.

Many of the campers and counselors will come from overseas. Jeff Solomon, executive director of the National Camp Association, cites the popularity of summer camps among foreigners as the most important trend in American camping. "The influx of children from other countries has reshaped some aspects of the traditional camp," he says.

Some camps now offer courses on English as a second language to foreign campers. Parents from other nations are sometimes attracted by the opportunity for their offspring to learn English as they are by American camping traditions. The foreign presence has allowed many camps to promote themselves to American parents as offering a more international flavor. "Children bring aspects of their culture and influence the camp program," Mr. Solomon says.

Most U.S. summer camps once offered the same mix

FOR YOUR CONVENIENCE
THERE IS A
RESPONSE COUPON
ON PAGE 9

involves the appropriation of what used to be called Indian names, symbols and rituals, usually highly modified for consumption by modern youth.

This legacy has left camps with two traditions that dominate camping today: Native American lore and moral uplift. The U.S. summer-camp experience often

is deeply rooted in the American pioneer tradition. First came the religious camp meetings of the early 19th century. Then, in the middle of the century, New England private schools began taking their young male and female charges on summer long hikes that mimicked soldiers' campaigns. Reformers in the 1890s brought youngsters from city streets to rural settings to explore the outdoors — a movement that evolved into groups like the YMCA, Boy Scouts and Camp Fire Girls.

The camping experience continues to be a dominant theme in summer camps, and parents are well-advised to investigate whether a camp is affiliated with a religious domination, whether services are held regularly and if attendance is mandatory.

The large number of sleepaway camps can make the selection of one a daunting task for parents. Mr. Solomon, who runs a camp referral service, advises parents to look into the history and age of the camp, and the work experience of the staff. The American Camping Association accredits camps on the basis of the quality of their programs and health and safety standards.

The philosophy of summer camps varies widely.

For campers from overseas, supervision is important. Will someone from the camp meet the child at the airport? "A good camp provides door-to-door service," Mr. Solomon says. He advises visiting a camp only during the summer season. "Visiting a camp when dormant doesn't show anything," he says. "Aesthetically, it can look good, but the program can be inferior." Camps will send interested parents literature and, increasingly, videotapes, and may hold meetings with parents in selected cities.

Mr. Solomon recommends that parents begin looking at camps immediately. "Most camps are now at 75 percent capacity, especially for 10 to 14 year olds," he says.

Campers can learn about computers, lose weight or fight color wars'

Three summer camps exemplify the wide difference in philosophies and programs among U.S. camps. Computer-Ed High-Tech Camp in Newton, Massachusetts offers four two-week sessions for children from the ages of eight to 17. Courses cater to all levels, from beginners to "computer nuts," according to the camp coordinator, Joann Knowles. All are combined with non-competitive sports, games, and arts and crafts.

"The type of kid interested in learning and computers doesn't flourish in the traditional camp experience, with so much time and energy devoted to competitive sports," Ms. Knowles says.

On the other side of the camping experience is Red Pine Camp for Girls in Minocqua, Wisconsin. Director Sarah Rolley describes Red Pine as "very traditional." She adds, "There are no distractions. They can just be children." The camp places emphasis on traditional activities centered around a lake, as well as horseback riding and tennis.

Red Pine demonstrates the popularity of the traditional camping experience. Most counselors are former campers, the camp is in its 57th year and campers last year came from 26 states and nine foreign countries.

Buck's Rock Camp stands somewhere in the middle between the relatively unathletic computer nuts of Computer-Ed and the very athletic horseback riders of Red Pine. The 50-year-old

music, art and theater camp in New Milford, Connecticut accepts children aged 11 to 16 with an interest in the arts — they need not be prodigies.

Buck's Rock offers a non-structured program: Instead of being regulated by whistles and time periods, children are free to choose from 80 activities.

Camp Director Ron Dangiz says that Buck's Rock offers a more fulfilling experience than traditional summer camp. "Most camps are really recreational facilities to keep kids busy for the summer," he says. "We want them to accomplish something, not just the color war."

SPECIAL CAMPGROUND SPARKS

Summer camps offer opportunities to make lasting friendships and memories. Here are some tips for making the most of your summer camp experience.

• **BE A TEAM** Work together with your friends to plan activities and games. It's a great way to bond.

• **TRY NEW THINGS** Step outside your comfort zone and try new activities like rock climbing or rappelling.

• **EXPLORE** Take advantage of the natural surroundings and explore the area.

• **RELAX AND RECHARGE** Make time for relaxation and recharge after a day of activities.

• **MAINTAIN A POSITIVE ATTITUDE** Stay positive and optimistic throughout your camp experience.

• **RESPECT YOUR CAMPERS** Show respect for your campers and their belongings.

• **BE A LEADER** Encourage others to participate and lead activities.

• **KEEP IN TOUCH** Stay in touch with your campers and keep them updated on your progress.

• **APPRECIATE THE BEAUTY** Appreciate the beauty of nature and the surrounding environment.

• **LEARN AND GROW** Learn from your experiences and grow as a person.

• **MAKE MEMORIES** Make lasting memories that you can cherish for a lifetime.

• **BE A FRIEND** Be a friend to your campers and help them have a great experience.

• **BE A LEADER** Encourage others to participate and lead activities.

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• **BE A LEADER** Encourage

SPECIAL
CAMPFIRE
SPARKS

Summer camps offer programs in virtually any area of activity. Among the latest trends are "fantasy camps," which emphasize learning skills; realize such childhood dreams as joining an astronaut; and "adult camps," which give grown-ups the opportunity to play basketball with the pros or go white-water rafting with a guide. Some colleges now have summer camps that offer traditional camping along with a program of academic instruction.

Parents are advised to send their children to a specialty camp that interests the child, not to fulfill the parents' desires. "Parents should make sure that it's something their child wants to do, not just something they want their child to do," says one camp director.

Sometimes there is consumer resistance from the children. "We've had a couple of cases where kids were sent to learn word processing to prep for college," Joann Knowles says about Computer-Ed Camp. "But once they learn it's not school—it's camp and a lot of fun—they learn while having fun."

At Buck's Rock, a music, art and theater camp, a child has to express at least a mild interest in creativity. A dedicated football player, for example, may be advised to look elsewhere.

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International Herald Tribune, Saturday-Sunday, March 19-20, 1994

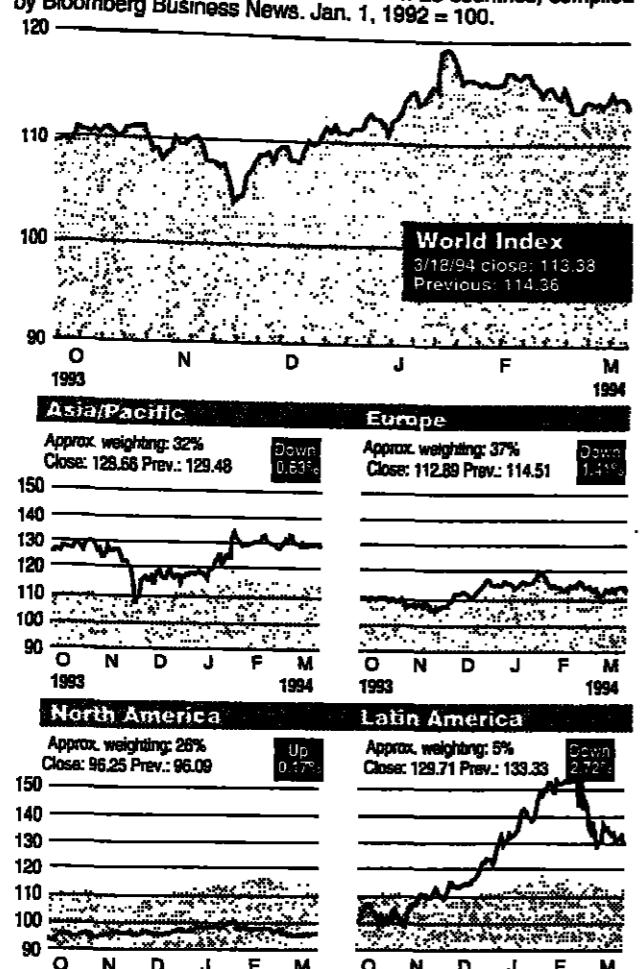
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THE TRIB INDEX: 113.38

International Herald Tribune World Stock Index ©, composed of 25 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.

U.S. Gains
In Japan
On ChipsBut Americans
See No Trend YetBy Andrew Pollack
New York Times

TOKYO — Foreign companies' share of Japan's semiconductor market surged to 20.7 percent, its highest level ever, in the fourth quarter of 1993, it was announced Friday. The development could help defuse another potentially explosive trade dispute with the United States.

But the U.S. government and the American computer chip industry reacted coolly to the news, calling on Japan to take measures to ensure that progress continues.

"We are pleased to see an increase in foreign market share for the fourth quarter," the U.S. trade representative, Mickey Kantor, said. "However, we remain concerned that U.S. and other foreign semiconductor suppliers are not achieving improved access to the Japanese market on a sustained basis."

The fourth-quarter share, announced by the two governments, rose more than expected from the 18.1 percent figure for the third quarter, as calculated by a formula used by the U.S. government. Under the formula used by the Japanese, the foreign share rose to 22.1 percent from 19.7 percent.

For all of 1993, the foreign share averaged 19.4 percent by the American formula, compared to 16.7 percent in 1992. Despite the gain, however, the figure was below the 20 percent average that both Mr. Kantor and the American industry had been seeking.

A 1991 trade agreement between the United States and Japan set a goal, though not a guarantee, that American and other non-Japanese chip makers would win 20 percent of Japan's roughly \$20 billion semiconductor market by the end of 1992, with gradual improvement in market access after that.

The semiconductor accord, which American companies have vastly increased their sales in Japan, has become the model for the results.

See CHIPS, Page 13

ECONOMIC SCENE

Adam Smith Tackles the Traffic Jam

By Peter Passell
New York Times

LOS ANGELES — With Southern Californians battered by earthquake, fire and recession, it seems cruel to remind them of yet another reason to emigrate to Idaho.

But that's not stopping the Environmental Defense Fund, which has published a new study on road congestion and air pollution in the land of gridlock.

Happily, this spinach may not prove hard to swallow. For while the report by Michael Cameron, an economist, documents the mess that is Southern California's car-dependent transportation system, its conclusions are, at heart, optimistic.

Like many other economists, Mr. Cameron believes that charging for road use according to free market principles would clean the air and speed traffic.

Unlike others, though, he offers equally compelling evidence that pricing away pollution and congestion need not come at the expense of the poor and marginally middle class. "You could create a system that benefits every income group," Mr. Cameron asserted.

Traffic jams are close relatives to the long lines outside Soviet shops that Americans used to snicker about. When prices are too low to equate supply and demand — whether the commodity is sausages or space on roads — rationing takes place in either, almost always more frustrating, ways. The Russians have figured this out; Californians haven't quite.

By popular reckoning, the two-hour commute is now as much a fixture of life in Southern California as the all-night supermarket and drive-by shooting. In fact, relatively modest efforts to link the price of road

use to its cost in terms of pollution and slower travel could probably make a big difference.

Mr. Cameron estimates that simply adding a charge of 5 cents a mile to the current 37-cents-a-mile average cost of operating a car would reduce both miles driven and emissions.

Charging for road use in Southern California according to market principles could clean the air and reduce congestion.

sions in Southern California by one-tenth. Traffic delays would be reduced by roughly one-fourth.

The use of direct "command and control" regulation (as opposed to indirect financial incentives) is widely seen as more equitable because under regulation, the rich can't buy their way out of sacrifice. After all, a nickel a mile tax — or for that matter, 50 cents a mile — would not reduce the number of Porsches cruising through Beverly Hills on a Saturday afternoon.

And at least as a first take, Mr. Cameron's research reinforces intuition: He estimates that the net benefits of a 5-cent tax in terms of pollution and congestion would be six times greater for those in the top 20 percent of the income pecking order than for those in the one-fourth.

The use of direct "command and control" regulation (as opposed to indirect financial incentives) is widely seen as more equitable because under regulation, the rich can't buy their way out of sacrifice. After all, a nickel a mile tax — or for that matter, 50 cents a mile — would not reduce the number of Porsches cruising through Beverly Hills on a Saturday afternoon.

One way or another, change must come.

Kenneth Small, an economist at the University of California at Irvine, observes that traffic congestion is ultimately self-limiting. People and businesses spread out sufficiently to prevent terminal gridlock.

Mr. Small expects a period of "fitful starts and demonstrations" of market-based traffic control, and perhaps growing acceptance as the lesser of evils.

Mr. Graff agrees. "The politics may not yet be ripe" for pollution solutions that require out-of-pocket expenses, he concedes. "But they're ripening."

CURRENCY & INTEREST RATES

Cross Rates

	Per S	D.M.	F.F.	Lira	Dr.	U.S.	S.F.	Yen	Lebanese
Amsterdam	1.185	2.675	1.124	0.3299	1.0128	1.2033	1.2033	1.2033	1.2033
Brussels	1.1825	2.585	1.124	0.3299	1.0128	1.2033	1.2033	1.2033	1.2033
Frankfurt	1.1825	2.572	1.124	0.3299	1.0128	1.2033	1.2033	1.2033	1.2033
London (S)	1.1825	2.565	1.124	0.3299	1.0128	1.2033	1.2033	1.2033	1.2033
Madrid	1.1825	2.562	1.124	0.3299	1.0128	1.2033	1.2033	1.2033	1.2033
Milan	1.1825	2.559	1.124	0.3299	1.0128	1.2033	1.2033	1.2033	1.2033
New York (S)	1.1825	2.556	1.124	0.3299	1.0128	1.2033	1.2033	1.2033	1.2033
Paris	1.1825	2.553	1.124	0.3299	1.0128	1.2033	1.2033	1.2033	1.2033
Tokyo	1.1825	2.551	1.124	0.3299	1.0128	1.2033	1.2033	1.2033	1.2033
Toronto	1.1825	2.548	1.124	0.3299	1.0128	1.2033	1.2033	1.2033	1.2033
Zurich	1.1825	2.545	1.124	0.3299	1.0128	1.2033	1.2033	1.2033	1.2033
1 ECU	1.1825	2.542	1.124	0.3299	1.0128	1.2033	1.2033	1.2033	1.2033
1 SDR	1.1825	2.539	1.124	0.3299	1.0128	1.2033	1.2033	1.2033	1.2033

Other Dollar Values

Currency	Per S	Currency	Per S	Currency	Per S	Currency	Per S	Currency	Per S
American	1.1825	Greek drach.	2.4625	Malta peso	3.31	6.40	1.0128	1.2033	1.2033
Austria	1.1825	Hong Kong \$	7.725	Iceland 1 króna	1.0205	1.2033	1.2033	1.2033	1.2033
Austrian sch.	1.1825	Hung. forint	10.02	Iceland 5 króna	2.0205	2.4065	1.2033	1.2033	1.2033
Chinese yen	8.4799	Indian rupee	2.0625	Irish £	1.2033	1.2033	1.2033	1.2033	1.2033
Czech korona	2.941	Italian lira	0.8995	Portuguese escudo	17.9175	1.2033	1.2033	1.2033	1.2033
Danish krone	4.625	Swiss franc	1.2033	Spanish peseta	17.025	1.2033	1.2033	1.2033	1.2033
Egypt, pound	5.3367	Kuwaiti dinar	0.2625	Swiss franc	1.2033	1.2033	1.2033	1.2033	1.2033
Pkr. markka	2.7176	Malay. ring.	2.7176	Sing. \$	1.2033	1.2033	1.2033	1.2033	1.2033

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Currency				Cdnadian dollar	1.0599	1.0595	1.0593
Pound Sterling	1.1825	1.1875	1.1877	Japanese yen	1.0599	1.0595	1.0593
Deutsche mark	1.1825	1.1875	1.1877	U.S. dollar	1.2033	1.2033	1.2033
Swiss franc	1.1825	1.1875	1.1877	U.S. dollar	1.2033	1.2033	1.2033

MARKET DIARY

White House Talks Fuel Rise of Dollar

Compiled by Our Staff From Dispatches

NEW YORK — The dollar rose against the Deutsche mark on Friday after a meeting between President Bill Clinton and the Fed chairman, Alan Greenspan, sparked rumors of an impending rise in interest rates.

The dollar closed at 1.6968 DM, up from Thursday's close of 1.6883 DM. The dollar was also ahead against other major currencies.

The U.S. currency had traded as high as 1.6985 DM earlier Friday.

Foreign Exchange

as the market was swept by the rumor that Mr. Clinton was attempting to sell the Fed chairman on his belief that interest rates need not rise further. A White House aide later announced that the two men had not discussed rates.

"Great timing," said one trader, commenting on the fact that the White House meeting was called directly ahead of a meeting Tuesday of the Federal Open Market Committee, which decides interest rate policy.

Another rumor, that American warships had been placed on alert off North Korea, further roiled the market. When that rumor was denied by the White House, the dollar lost some of its gains.

Dealers said that the dollar's fall-

ture to break through 1.70 DM indicated that there was still downside pressure on the U.S. currency that will be lifted only once the Bundesbank moves more aggressively to cut German interest rates.

There was substantial psychological resistance at about 1.70 marks, which the dollar couldn't overcome," said Richard Pontus, vice president of Standard Chartered.

The dollar moved up against the yen as well, although trading, which had been slow all week, moved even slower with Japanese markets to be shut Monday in observance of a national holiday.

The dollar closed at 106.12 yen, up from 105.73 on Thursday.

Against other currencies, the dollar rose to 1.4415 Swiss francs from 1.4385 Wednesday, and to 5.781 French francs from 5.7533. The pound fell to \$1.4905 from \$1.4939.

The Clinton-Greenspan meetings also affected the precious metals markets.

April gold jumped \$4.60 to \$387.60 an ounce on the Commodity Exchange, while May silver rose 6 cents to \$5.437 an ounce.

"Gold always does well when the market panics," said a trader with Mees Pierson Derivatives in London. (Reuters, AFX, Knight-Ridder, Bloomberg)

MARKETS: Auctions Over Rates

Continued from Page 9
the first time since Feb. 4, At that meeting, top Fed officials voted to raise by a quarter of a percentage point the interest rates that banks charge each other for overnight loans.

Many Wall Street economists had already expected the Fed to

U.S. Stocks

raise interest rates further on Tuesday. The flap on Friday persuaded some of them that higher rates were even more likely now, to avoid the public impression that the Fed had yielded to pressure from the White House.

■ Late Burst Buoyed Stocks

Stocks closed higher as a late burst of computer-driven buy orders tied to the triple witching expiration offset concerns about interest rates raised by the Clinton-Greenspan meeting. Bloomberg Business News reported from New York.

Trading was extremely heavy as investors unwound equity positions tied to March's expiration of individual stock options, stock index options and index futures contracts. The total of 446.4 million shares traded was the highest total since Oct. 21, 1987.

The Dow Jones industrial aver-

age was buoyed by gains in Alcoa, up 1/2 to 77, Boeing Co., up 1/4 to 47, and General Electric Co., which closed at 1044.6, up 1/4.

Northwest Airlines closed unchanged at 13 in its first day of over-the-counter trading. The airline raised \$260 million in its initial public offering, 35 percent less than the company planned.

20th Century Industries slumped 3% to 21 1/2 as the insured it expected to take a charge of \$1.5 a share for claims arising from the Los Angeles earthquake two months ago.

NASDAQ Most Actives

Advanced Micro Devices Inc. rose 1/2 to 132 1/2.

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Asian Markets Tumble Amid Fear Over Rates

Compiled by Our Staff From Dispatches

HONG KONG — Hong Kong shares fell 4 percent Friday as institutional investors continued to quit the market amid persistent concerns over interest rates, traders said.

The Hang Seng index of 33 leading stocks closed down 380.82 points at 9,132.31, taking its losses for the week to about 773 points, or 7.8 percent.

Investors have been unloading Hong Kong stocks since the U.S. Federal Reserve Board pushed up interest rates on Feb. 4, said Paul Tagg, managing director of Matheson PFC Ltd. Higher rates on bonds, especially in the huge U.S. market, make stocks relatively less attractive to investors.

The U.S. central bank's move reminded investors they should return to focusing on fundamentals such as earnings growth rather than simply chasing yield, Mr. Tagg said. Investors sold Hong Kong shares because they realized the stocks were priced higher than fundamentals warranted, he said.

Eddie Kwok, manager at Nikko Securities, said some unit trusts, or mutual funds, were having to sell Hong Kong stocks because their clients were redeeming their holdings.

(Bloomberg, Reuters)

CHIPS: Japan Meets a Target

Continued from Page 9
oriented" approach that Washington took in the recent negotiations under the new trade framework between the two nations.

But Japan, saying it had a bad experience with the semiconductor accord, refused to agree to any more numerical trade targets. A deadlock on that issue led to the collapse last month of the talks on automobiles, insurance, medical equipment and telecommunications.

Since then, the Clinton administration has been pressuring Japan to yield to U.S. demands. Japan's concessions last week in a cellular telephone trade dispute, combined with the sharp rise in semiconductor market share, could reinforce the administration's belief that pressure on Japan works.

One reason for the muted response to the new figures by the American side is that it has been disappointed before. In the fourth quarter of 1992, foreign share rose

by more than 4 percent and inched above 20 percent, just in time to meet the deadline. An overconfident American industry proclaimed that market access problems were virtually solved and a new era had begun.

But in the first three quarters of 1993, the market share dropped steadily.

"Our hopes for sustained progress in opening the Japanese market were dashed last year by the sharp decline in foreign share in the next three quarters," said Andrew Procassini, president of the Semiconductor Industry Association.

He said on Friday that Japan should not become "complacent" again, and he called for foreign-market share to grow in 1994 by the same rate it did in 1993, which was 2.7 percent higher than in 1992.

Japan says it sees no need for a new market-opening measures because the agreement is already working.

INTERNATIONAL TRAVEL RETAILING

NEW TECHNOLOGY · NEW TACTICS
LONDON · APRIL 13 · 1994

The Fourth International Duty and Tax Free Seminar

Co-sponsored by the International Herald Tribune and Peter R Wenban & Associates

KEYNOTE ADDRESS

Robert Ayling Group Managing Director, British Airways plc

VENDOR CONTROL - A TIME FOR ASSESSMENT

Life at the Sharp End - The Operator's Story
Chris Woodruff Head of Retail Operations, BAA plc

Adversity or Advantage - The Supplier's View
Nicholas Ratut International Director, Escada Beauté, Paris

Bureaucracy or Benefit - The Legislator's Opinion
Michel Aujean Acting Director of Indirect Taxation, EC

SHAPING THE NEW HONG KONG AIRPORT FOR A PROFITABLE FUTURE

Jim Broad Section Head, Major Transport Projects, Projects Export Policy Division, Department of Trade & Industry, UK

OUTLOOK FOR THE MIDDLE EAST: THE IMPACT ON TRAVEL RETAILING

John Sutcliffe General Manager, Bahrain Duty Free

CROSS-CHANNEL FERRIES: CRUISE OR CRISIS?

Claes Stigge Hotel & Retail Director, Stena Sealink Line

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The fee for the conference is £350.00 + VAT @ 17.5%. Fees are payable in advance and will be refunded less a £50.00 cancellation charge for any cancellation received in writing on or before March 31, after which time we regret there can be no refund. Substitutions may be made at any time.

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Tel: (44 71) 235 1234 Fax: (44 71) 245 6570

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Herald Tribune

PETER R WENBAN & ASSOCIATES

MIM Is Getting Back on Track

Miner's Stock Rises as It Unwinds Diversification

By Michael Richardson
International Herald Tribune

MELBOURNE — MIM Holdings Ltd., one of the largest zinc miners in the world and the eighth biggest copper producer, has not been a sparkling financial performer of late. With two of its main markets, Japan and Western Europe, deep in recession and its operations weighed down by high costs and unprofitable investments, including an extensive involvement with Metallgesellschaft AG in Germany, MIM reported a net loss of 18.5 million Australian dollars (\$13 million) for the six months ended Dec. 31.

The company's share price has been buoyant in the past few months. The stock closed at 3.17 dollars Friday, down 3 cents on the day but up almost 66 percent since last Oct. 1, 1993.

Analysts say investors expect a resurgence in prices for copper, zinc, lead and other industrial base metals over the next few years as economic recovery spreads from the United States to Europe and Japan while strong growth continues elsewhere in Asia.

An upward trend in copper is already evident. The price has risen more than 20 percent since November, which translates into an increase of more than \$2 million dollars in MIM's annual profit. At around 93 U.S. cents a pound, though, copper is still well below its peak of around \$1.50 in 1987-88.

Investors also seem to be impressed with MIM's program to reduce costs, dispose of noncore assets and develop mines in Australia and Argentina that could double its production of copper, zinc and gold by the end of the decade.

"We are looking to focus our operations on what we see as our core business in mining and mineral processing," Norman C. Fussell, MIM's managing director and chief executive, said in a recent interview.

To reduce debt and build capital to pay for expansion, the company agreed last month to sell a 13.85 percent stake in the Canadian mining house Cominco Ltd. for 215 million dollars. In January, MIM signed deals to sell

The aim was to reduce the company's reliance on its giant copper, zinc, lead and silver mines centered on Mount Isa in the Australian state of Queensland. But most of the investment produced losses or poor returns.

Chris Bain, senior research manager for resources at ANZ McCaughey Securities Ltd., said MIM was right to build on its strengths in mining and mineral processing.

But, he said, for the company to remain a leading global player it would have to strengthen its presence in Asia by establishing zinc and copper smelters in addition to those it controls in Australia and Europe.

MIM and its joint-venture partner, International Musto Explorations Ltd. of Canada, signed an agreement in January to spend \$600 million to develop a gold and copper deposit at Bajo de la Alumbrera in Catamarca Province in Argentina, about 1,000 kilometers (625 miles) northwest of Buenos Aires. Production is expected to start in 1997.

"It's a world-class deposit, and they paid a bargain price to get it," said John MacKinnon, a base metals analyst at McIntosh Barringer Ltd.

Many analysts expect MIM to sell its 3.5 percent stake in Metallgesellschaft if it attempts to restructure the German group raise its stock price.

But disposal of a holding of almost 25 percent in the American silver, copper, lead and zinc producer Asarcos Inc. is unlikely to occur quickly, especially if MIM returns to strong profitability. Asarcos, which has historical ties to MIM, holds 13.1 percent of the company's equity.

Investors expect a resurgence in prices for base metals as economic recovery spreads.

minority holdings in two other mining companies, Renison Goldfields Consolidated Ltd. of Australia and Granges Inc. of Canada, for 96 million dollars.

The financial crisis at Metallgesellschaft has "certainly accelerated MIM's desire to reduce its passive investments and increase its operational control," Glenister Lamont, senior resources analyst at Potter Warburton Securities Ltd., said.

MIM diversified in the 1980s by making passive investments in North American mining companies, buying coal mines in Australia and entering the zinc and copper smelter business in Europe, mainly with units of Metallgesellschaft.

Honda's move echoes changes at other car companies that, faced with weak demand and overcapacity, are struggling to cut costs, improve management flexibility and link paychecks more to performance and less to seniority alone.

Japanese carmakers must grasp the nettle of employment reform and Honda is starting to do so," said Andrew Blair-Smith, an analyst with Barclays de Zoete Wedd Securities.

In other news involving Japanese automakers, Toyota Motor Corp. and Nissan Motor Co. both said Friday that their domestic sales, as well as their exports, fell in February from their levels a year before.

They said the drops were a result of recession and stiffer global price competition stemming from a higher yen.

Toyota's domestic sales of motor vehicles dropped 9.5 percent to 163,367 units, giving the company a 31.4 percent share of Japan's market. Its exports were down 11.6 percent to 124,919 units.

Private economic institutes predict an average wage increase of less than 3 percent for the year starting April 1, the lowest on record. The average last year was 3.89 percent. Management negotiators in many industries will present their first offers next Thursday.

Honda Weeds Out Lackluster Managers

Compiled by Our Staff From Dispatches

TOKYO — Honda Motor Co. said Friday it would adopt a new personnel policy that threatens unproductive managers with demotion and pay cuts, a move analysts said is part of a broader whitewashing of Japan's lifetime employment system.

"Japanese carmakers must grasp the nettle of employment reform and Honda is starting to do so," said Andrew Blair-Smith, an analyst with Barclays de Zoete Wedd Securities.

Nihon Keizai Shimbun, Japan's leading financial newspaper, said the program would have a "great impact" on other industries.

Under the Honda program, managers who fail to win promotion within eight to 12 years will be demoted and their salaries cut by as much as 30 percent, a company spokesman said. The program will affect about 4,500 of the company's 43,000 employees.

The carmaker will also improve incentives for employees deciding to take early retirement.

Honda's move echoes changes at other car companies that, faced with weak demand and overcapacity, are struggling to cut costs, improve management flexibility and link paychecks more to performance and less to seniority alone.

Previously, Honda has cut production hours at some plants and shifted workers to sales outlets. The company also has introduced performance-based bonuses for its managers.

In other news involving Japanese automakers, Toyota Motor Corp. and Nissan Motor Co. both said Friday that their domestic sales, as well as their exports, fell in February from their levels a year before.

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Very briefly:

• NEC Corp. and Hewlett-Packard Co. will jointly develop compact, low-priced ink-jet color printers, a spokesman for NEC said.

• Asia Mutual Life Insurance Co. said it planned to cut its work force by 7 percent, or 650 people, in the next three years.

• Kankaku Securities Co. was ordered by the Japanese government to suspend its transactions with corporations for two weeks starting next Friday, officials said the brokerage had resold securities on which major customers were showing losses with promises to repurchase them from the new buyers at higher prices, an illegal practice that helps clients avoid reporting losses on their accounts.

• Jardine International Motor Holdings Ltd., a unit of Jardine Matheson Holdings Ltd., said its 1993 net profit rose 23 percent, to \$73.2 million, as its European and Australian businesses staged a recovery.

• The Singapore International Monetary Exchange said it had obtained licensing rights to trade futures and options on the new Nikkei 300 stock index. The Simex said it would continue to list the Nikkei 225 stock index.

• Neptune Orient Lines Ltd. said its 1993 group pretax profit rose 160 percent, to 95.6 million Singapore dollars (\$60 million).

• DuPont Co. opened its first office in Vietnam, where it hopes to develop its business in the insecticide, construction and textile sectors.

• Taiwan is to cut tariffs on 74 items by as much as 50 percent at the end of March, in line with demands from the United States, a customs official said.

AFX, AFP, Knight-Ridder

LVMH

MOËT HENNESSY • LOUIS VUITTON

1993 NET INCOME OF 3,574 MILLION

Consolidated LVMH Moët Hennessy Louis Vuitton net income for 1993 amounted to FF 3,574 million, up 19% from the 1992 level. This figure includes non-recurring income of FF 602 million, primarily reflecting capital gains on the disposal of RoC. Excluding non-recurring items, consolidated net income totalled FF 2,972 million, basically unchanged from the comparable 1992 level.

Consolidated sales in 1993 totalled FF 23,819 million, an increase of 10% over the prior year. Income from operations rose by 2% to FF 5,614 million.

Major Consolidated Highlights

In FF millions	1992	1993
• Sales	21,658	23,819
• Income from operations	5,486	5,614
• Net income, Group share, excluding non-recurring items	3,007	2,972
Net income, Group share	3,007	3,574

Following a difficult first half, the recovery in a number of geographical markets important to LVMH, which generates 85% of its sales outside of France, had a very favorable impact on the Group's sales in the third and particularly fourth quarters of 1993. The strong growth in sales recorded in late 1993 continued in January and February 1994. In the first two months of the year, consolidated sales grew by 28% over the comparable 1993 period.

The major trends by segment of activity in 1993 were as follows :

Consolidated Highlights by Segment

In FF millions	Sales		Income from operations	
	1992	1993	1992	1993
• Champagne and wines	5,245	5,444	780	776
• Cognac and Spirits	5,553			



FIRST COLUMN

Managerial Personality Problems

Is investing in shares a good thing? The results of looking at the investment performance of any major market over the past twenty (or thirty, or forty) years reveal that this is an easy question to answer. And that answer is a resounding, if qualified, yes.

The caveats are that risk should be spread, and that the investment should be made over a long period. All major markets have outstripped the enemy of personal saving — inflation — in the second half of this century.

Of course, as soon as there is talk of diversification of risk and a long-term holding, the next phrase on our lips has to be "mutual fund." For mutual funds offer access to a variety of markets through an easily understood medium, and even their marketing literature underlines their nature as an investment for the long term.

So why is the world's fund industry running the risk of getting itself a bad name? There are two reasons. One is the industry's own fault, the other is not.

Perhaps the biggest flaw in the way mutual fund groups deal with the investing public today is their lack of communication. Many fund management firms, especially the U.S. groups, like to emphasize the cult of personality. The public reads promotional material that tells them a fund is being managed by a star, and they buy. What they buy, of course, is not so much the fund, but the star. But what happens when the star's performance fades a little? Or when the star is fired away to shine in another group's galaxy? Very little, is the answer.

It would be unreasonable to expect fund groups to trumpet poor performances from trusted managers, or to point out that key employees have been lured away. But if investors are brought in on the cult of the personality, they should at least get a full statement of the investment manifesto when the manager changes. This is not always done.

The undeserved opprobrium for fund managers is the fault of the regulators. Managers often look bad because of strange local regulations which are either too strict, or too lax, and often unsuited to the increasingly international nature of fund investment.

M.B.

Casting an Eye on Funds' Liquidity

By Conrad de Aenlle

ONE long-serving indicator of American stock market sentiment — and hence direction — has turned murky in the last few years. Mutual fund liquidity, measured by the percentage of fund assets that managers keep in cash, is supposed to dry up before the market falls and increase to extremes before an advance. But in the last two significant declines, in 1987 and 1990, cash levels stayed high and the indicator did not provide the warning it should have. Since 1990, its record has remained spotty.

The liquid assets ratio stood at 8.3 percent in January, the most recent month for which the Investment Company Institute had compiled figures. That's up from 8 percent in December and about the same level as in the spring of 1991, when the Dow Jones industrial average was below 3,000, almost 1,000 points away from what so far is its all-time high, set several weeks ago. Since then it has hovered between 7.2 and 9.6, historically quite ordinary numbers.

The last extreme — and useful — reading came at the bear market bottom in the fall of 1990, when the ratio hit 12.9 percent, the highest ever recorded in the 30-plus years that the ICI has kept track of it. During the 1960s and 1970s, by contrast, readings in the 4- and 5-percent range were routine.

There are several opposing forces in today's fund market that tend to herd the liquid assets ratio toward the middle.

"We know there's a larger percentage of retirement funds reflected in the data," Betty Hart, ICI's chief spokesman, pointed out. "At least a third of the accounts, perhaps 40 percent, are retirement assets. That money is by definition longer term, and it is our belief that people just don't move that money with the same rapidity as they might shift assets that are not in retirement funds."

That allows fund managers to be more daring and keep less of their assets in reserve as cash. On the other hand, Mrs. Hart remarked, much of the money in customers' ordinary accounts is treated much differently.

"When the liquid assets ratio was created, first, shareholders couldn't switch in and out of funds like they can today," she said. With assets more mobile, managers have to hang on to more of it in cash.

She noted, too, that there is a far greater variety of equity funds now, and so "individual indicators probably lack the predictability that analysts thought they had in the past."

Fund switching is only one of the new complexities of the fund business that, with faster-

moving markets, force managers to seek more room to maneuver, meaning more cash.

"I think there's so much variance; a fund manager is put in the difficult position of trying not only to forecast the market, but to forecast how his shareholders are going to react to what happens in the market," said Bill McBride, international editor at Lipper Analytical Services. "He faces problems in big moves. When the market moves up, the problem is investing cash and finding good investment ideas that's been increasingly hard. When the market's down, it's a matter of jettisoning positions that one thought were good, then of redeeming shares."

Managers of funds sold through brokers have an easier time of it, he added, because shareholders tend to keep their investments nearly twice as long as those in direct-marketed funds. Likewise, some funds have a core of stable institutional shareholders and so may need to keep less cash.

Two other recent developments complicate matters, but they help to push cash levels lower. One is the widespread use of derivatives. A fund manager who would otherwise raise cash to take a more defensive posture will instead sell stock index futures contracts or buy put options. What has also changed is the demand of many shareholders that their fund managers stay fully invested and not miss the slightest market advance.

John Balen, head of equity portfolio management at Massachusetts Financial Services, said such demands would never influence managers at his company.

"We manage the funds in the best interests of shareholders," he declared. "If people don't like the management of any particular fund, they're free to sell the securities. They shouldn't and don't impact portfolio managers' performance."

But he added that the philosophy at Massachusetts Financial is to remain close to fully invested whenever practical.

"We make the assumption that investors want to be invested in the type of fund they're in," he said. "If you knew the Great Depression crash was coming up, you'd do something about it, but there isn't one fund that's employed a successful cash strategy that I'm aware of. If you look at those few managers who raised cash before the crash of '87, they've had poor performances over time."

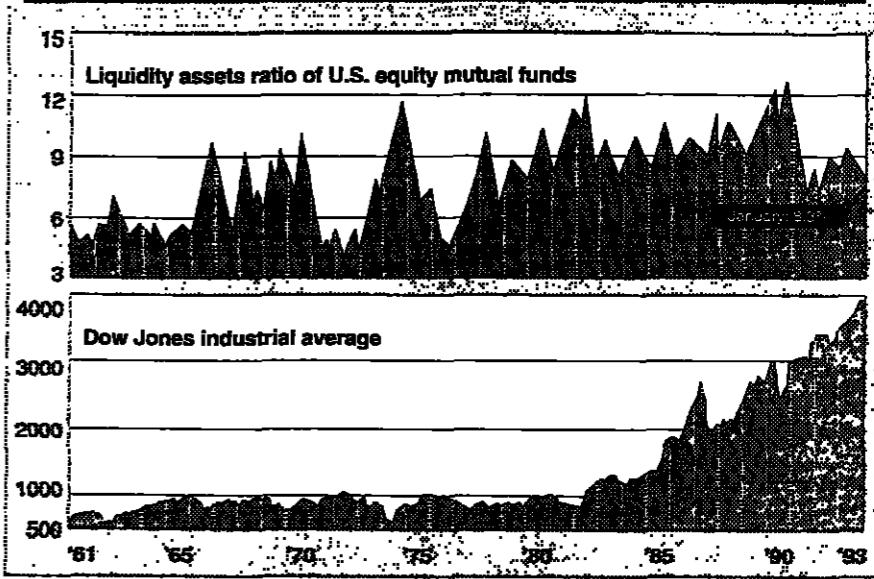
"It's a positive-bias game, the stock market. You've got to be much smarter than most to call the turns, and most managers have proven quite average."

Bearish sorts say such thinking prevails around market tops and that is why the liquid assets ratio works. They explain away the relatively high ratios during a time in which many other signals are flashing by pointing to the

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Picking portfolio managers

Charting Mutual Fund Cash Levels



Dow Jones industrial average

International Herald Tribune

unprecedented and persistent flow of money into funds over the last several years.

"Mutual fund managers always say it's just a matter of money coming in and they haven't been able to put it into the market," said Bernadette Murphy, a technical analyst at M. Kimmelman & Co. "They always say that, but it's still the case that when cash levels are low, the market tends to fall and when they're high, it tends to rise. Whatever the cause, it still works as an indicator."

Not perfectly, though. She conceded that it is "probably better at calling bottoms. Cash can stay at relatively low levels for a long time." Despite the changes over the decades, bottoms usually look like bottoms with the liquid assets ratio climbing to 11 or 12 percent.

But the low-water mark has crept higher; even if optimists take courage by noting that 8 percent historically has not been a worrisome level, others say that history is not what it used to be.

"In recent years, the low point was 7.75 to 8 percent," Mrs. Murphy said, "so it means we're at the lower end of the range of cash to assets since the early '80s." While she said she finds that to be "not alarming, I would be more comfortable if there was more cash in the bond funds." Although the liquid assets ratio has been applied almost exclusively to equity funds as an indicator for the stock market, the level of cash in government bond funds, which has held near 1 percent for several months, is extremely low.

Mr. McBride, too, is getting a bit anxious. He said that "funds tend to have more cash at the end of the year." The managers are rethinking their portfolios, especially after a good year.

The inclination is to say, "I'm not going to find value here, I'm not going to move quickly here to get that money invested." But that hasn't happened. "I don't see a huge, inordinate amount of cash in the funds for the situation we're in now, this time of year, where the market is," he said. "That doesn't speak well for the market."

The Money Report is edited by Martin Baker

Income Funds Thrived On the Slump in Rates

By Rupert Bruce

PERHAPS the biggest single cause of the great inflow of small investors' money to the mutual fund universe has been the decline in interest rates in the United States and, latterly, in Europe. Equity income funds — which are meant to provide an income — seemed the natural alternative to many investors. But, paradoxically enough, they have given a better total return during the last three years than equity growth funds — which are meant to provide the best growth in capital.

But John Bookman, senior investment manager at M&G Group in London, regards this as far from strange. He says it is natural for high-yielding equities to do relatively well at the beginning of an economic cycle. "They outperform at the beginning of the cycle; then they go into a period of limbo; and then start to underperform at the end," he says.

Richard Mace, portfolio manager of Fidelity International Growth & Income Fund, said that high yielding shares outperform in the early days of an economic cycle every-

where in the world. In practical terms, however, investors are most likely to have noticed it in the United States, Europe, and Hong Kong. Most of Asia has few shares with reasonable yields because they are much more expensive than elsewhere.

The standard explanation for this high level of performance during the early economic cycle is twofold. Looked at from the investor's point of view, he is willing to pay more for income when interest rates are falling, so income shares tend to rise.

From the company's point of view, life is easier when interest rates start to fall and the economy picks up. Those with high payouts in a recession are often those which are regarded as being in trouble, and possibly unable to maintain dividends. Therefore they are the ones with the most to gain.

European statistics from Micropal, which measures investment fund performance, bear this out. During the past three years, when European governments have been cutting rates to stimulate growth, the average equity income fund has given a total return of 27.3 percent, while the average equity growth fund has returned 18.9 percent.

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TO 1st MARCH 1994

OFFSHORE FUND	SINCE LAUNCH	POSITION IN SECTOR	FUND'S POSITION IN SECTOR	OVER 5 YEARS	
				NUMBER OF FUNDS	PERCENTAGE
International Growth	1982	12	96	—	—
Emerging Companies	1983	1	96	—	—
American Growth	1981	5	79	—	—
Far Eastern Growth	1982	5	44	—	—
Japanese Growth	3	95	—	—	—
European Growth	1982	7	60	—	—
UK Growth	1	51	42	—	—
Global Bond	1982	135	—	—	—
Asian Smaller Firms	1983	93	—	—	—

Figures as at 31 March 1994 and are on an offer-to-US-Dollar basis, inclusive of reinvested income, net of withholding taxes. Source: Micropal.

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New Markets: A Case of Nerves

By Iain Jenkins

In office now accounts for 10 percent of total Fleming fund sales, according to Julian Kammerer, managing director.

A different approach is being followed in France by Fleming, which decided in 1989 to make its Flagship fund primarily through own direct sales force.

Marcel Chauvel, managing director for Fleming Funds, said he believes "a financial services — we want to buy real estate, insurance and real estate products, developed to outside partners, aims to eventually build a portfolio of 50."

The expensive and risky sums he said, was reduced because of prior experience. Independent financial advisers, he said, were given clients looking for professional status or qualifications.

His bank has more interests selling than buying funds, assets such as retirement funds, too conservative, changing over to international markets. And he added at Fleming's expense, he studied that France was not

ready for direct marketing.

By the end of 1993, Mr. Chauvel, Fleming's French sales force had collected \$1 billion from 500 customers, or 10 million francs a customer. He said he had 10 million francs to date.

Rodney Williams, a director with Fleming Fund Manager in Luxembourg, says France, only country in which Fleming employs a direct sales force through intermediaries in Germany and Italy.

"You have to third, fourth and even fifth level," Mr. Williams says. "But it's a very good market and it's growing."

Besides offering direct sales, Fleming fund managers agreed that the best way to promote their products is to send up to 10 brokers, investment managers, foreign currency dealers, foreign exchange brokers, and so on.

"In the last two years, we've put more and more emphasis on direct sales," Mr. Williams says.

The company, based in Luxembourg, has grown from 100 to 150 employees and now has 10 offices in Europe, Asia and the Americas.

Another technique is to watch the Asian expatriate community living in Berlin, New York or London. When they start investing money in their homelands it is often a sign that confidence is returning.

However, sometimes they are too optimistic and get in too soon. To add to the difficulties, few of the people who pour money into emerging market funds last year get the chance to meet Polish taxi drivers or talk to Mexican stockbrokers, or even have access to the charts. As a result, a lot of them were sucked into funds close to the January peak on many exchanges.

In 1993 record amounts of cash — estimated at \$20 billion — was pumped into emerging market equity funds. By the end of the year there were 638 funds managing an estimated \$80 billion. This volume of money helped chase these fashionable markets upwards. They seemed to offer far better returns than developed markets or staying in cash.

"It is a sure sign that a market is overheated and time to sell," said Peter Scott, chairman of Beta Funds, an emerging market specialist in London. "Often people in these markets don't have the experience to realize that the boom can't go on forever. There is always an overshoot."

It is this overshoot that makes investing in emerging markets a nerve-racking experience, inevitably it is a rollercoaster ride. Stock prices race up and then come crashing down again. So how does the investor know when is a good time to sell a mutual fund in these volatile areas?

The first rule is price-earnings ratios, price-to-book ratios or the other "gimmicks" used by analysts to find "value" in developed markets are useless. Investors have to rely on quirky anecdotal evidence or instinct.

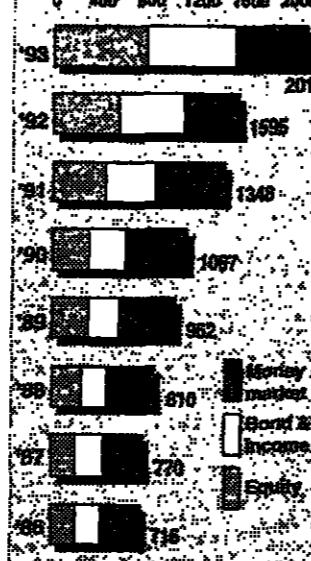
Other than monitoring taxi drivers there are a host of pet theories. Everyone has a view. One Wall Street fund manager starts to sell when 25-year-old brokers, who have only been in the business for a year, start to call him by his first name. "It means they are cocksure and riding for a fall," he said.

When it comes to deciding the right time to buy and emerging market fund the calculation can be even more difficult. The secret is to use share price charts to pick up the bottom after the country has had one of its habitual corrections. The problem is that as soon as you sign the cheque your chosen market drops another 20 percent.

Another technique is to watch the Asian expatriate community living in Berlin, New York or London. When they start investing money in their homelands it is often a sign that confidence is returning.

U.S. Fund Assets

Mutual fund assets in billions of dollars



Source: Securities Industry Association

Managed Funds: Be Sure to Get What You Pay For

By Digby Larner

A USEFUL service, or just an extra layer of charges? That is the central question for individual investors who want professional advice on which fund to choose.

Not surprisingly those most vociferously in favor of employing someone to choose a portfolio of funds are the portfolio managers themselves. They claim to have the time and expertise available to make investment decisions that private clients cannot. By closely monitoring a range of managed funds, they say, they can spot exactly when to buy and sell to the best effect.

Some big fund managers, such as Scudder in America, are more optimistic. They see the recent correction in some markets as a good buying opportunity. For them, many of these emerging markets will resume their upward march when financial markets stabilize.

But whether these emerging markets fall another 20 percent or the recovery starts now there is no doubt that investor confidence will return to these faster growing economies. The constant refrain from emerging market "bulls" is that developing countries contain around 80 percent of the world's population but only account for around 20 percent of world GDP.

Alternatively there are those who say that, in spite of such grandiose claims, portfolio managers frequently fare no better than investors making their own choice of funds. If this is true, those opting for managed portfolios are paying charges on top of those levied by the underlying managed funds and getting nothing in return.

Portfolio managers admit this is sometimes true but say it is easy to sort out the good managers from the bad. Robin Knight-Bruce, who heads Knight Williams, a firm of financial advisers in Britain, said there are several key questions

clients should ask portfolio managers before parting with any cash.

"You should always ask for performance figures," he said. "I wouldn't dream of investing with a portfolio manager who was unable to show me a good track record."

He adds that some portfolio managers refuse to do this and claim the variety of individual portfolios makes it impossible to put together meaningful past performance figures.

Some portfolio managers say there are too many variables involved, or say the performance depends on when the portfolio was invested, he said. "Nonsense. Investors on seeing at least a representative portfolio."

He says that investors should also look at the resources the manager has. A one-man business will be hard-pressed to fully monitor a range of portfolios and may end up in a mediocre performance:

"No matter how many people at dinner parties try to tell me they sit at home and do the whole thing themselves I remain unconvinced. My desk is littered with research. Some I'll read, some I'll pass on to colleagues, but most of it will end up in the bin unread. There isn't the time to take it all in, so trusting all that to one individual is a high-risk business."

Finally, he recommends that investors choose a portfolio manager who takes notice of what type of portfolio they want.

"There are too many advisers out there," he said, "who think that XYZ fund is great for everybody. Instead they have to be prepared to tailor a portfolio to your specific needs."

The individuality of each portfolio is the main selling point of many services. Managers often promise to construct a portfolio geared purely to each investor's needs.

While this makes it tempting to believe each investor is given their own manager devoted to earning them money this is not usually true. Like-minded investors are simply grouped together in a single portfolio according to whether they are looking for capital growth, income, guarantees and so on.

Some investors will inevitably buy into a portfolio just before the weighting between underlying funds is changed. They pay to be invested in certain funds only to come out again almost immediately.

Brent Perry, a portfolio manager with Morgan Grenfell in London, says this is rarely the case. Where it does happen the portfolio manager may have prevented the investor losing money he or she might have had by investing directly in the underlying fund.

"If you go back to July 1990 there had been a possibility for one or two months that something might be going on between Iraq and Kuwait. It could be that before that blew up, with the best intentions in the world, you put in half your client's money. Then two days later the decision may have been made to pull out. After that the market fell by about 30 percent. Whatever the client lost coming out on the day the market started falling would certainly be less than if he stayed in."

Although the general debate over whether or not a managed portfolio brings any tangible benefits may never be concluded, there are two areas where portfolios appear to have a distinct advantage.

One is their tendency to help investors hold their nerve when the market they are following takes a down-turn. Mr. Knight-Bruce claims too many investors are prompted to move in or out of funds at the wrong time. They often buy at the top of the market and sell at the bottom — the opposite of what they should be doing.

The second, and possibly more tangible benefit, is the economy of scale available to some portfolio managers that private investors can rarely match. Large investors are able to negotiate discounts with fund managers which are passed on to their portfolio investors.

After High-Flying '93, Investors Consolidate Gains

By Judith Rehak

As the first quarter of 1994 draws to a close, the U.S. mutual fund industry is still riding the collective high of 1993, when its total assets broke through the \$2 trillion barrier to its current \$2.2 trillion in January 1993.

Sales of stock, bond and income funds totaled \$36.8 billion in January, according to the latest figures from the Investment Company Institute, the industry's trade association. That's compared with \$37 billion in January 1993.

But there are unmistakable signs that investors are growing more cautious. While not bailing out of funds altogether, they are retreating from those where they see risk, shifting into more conservative vehicles, or even parking their cash until the dust settles in bumpy markets.

The major story here is that over the past several weeks we have seen a net outflow in our bond funds," said John Kelly, a vice president with Massachusetts Financial Services, a Boston money manager. But he emphasized that money was not leaving the fund complex. "Rather, we're seeing far more in exchanges into our money market funds. It's a defensive move."

There are other signs that the bond fund boom is winding down. As yields on 30-year U.S. Treasury bonds flirted with 7 percent last week, a full point rise since October, investors were apparently heeding repeated warnings about the damaging effect of rising interest rates on fixed income investments, particularly longer-term vehicles. The fund giant Fidelity was reporting that more than 90 percent of its bond fund sales were in short-term offerings. Money flows at Franklin/Templeton, a major bond fund manager, were moving from longer- to shorter-term funds as well. "Because we're broker-sold, it looks as if our investors are being advised to shorten their maturities," said Virginia Marantz, a spokeswoman.

International sales have tailed off at some groups since the Janu-

ary peak, but the rush is still on at those with long-established reputations in overseas investing.

"Far and away our best seller is our international stock fund," said a spokesman for T. Rowe Price and T. Rowe Price, the Baltimore no-load manager, where a best seller this month has been its Spectrum Growth Fund, which invests in other Rowe Price funds, ranging from U.S. small companies to international equities.

The international investing craze that swept the United States in 1993 has boosted assets of foreign equity funds to 20 percent of all equity funds. Investors pumped a whopping \$6.9 billion of cash into overseas funds in January, topping all stock categories. One reason:

"We've seen a tremendous increase of cash flow into money market funds," said John Worth of the Vanguard Group, the largest purveyor of no-load funds. "People seem to want a safe harbor." The story was echoed elsewhere.

At Franklin/Templeton, 53 percent of February sales were into money funds. "People just don't

want to commit to a long-term investment right now," said Ms. Marantz. "It's kind of a parking place."

At the end of the third quarter of 1993, mutual funds owned 10.2 percent, or \$617 billion of the U.S. stock market, exceeded only by private pension funds. Few in the fund industry expect the heady days of double-digit returns and huge inflows of cash to continue indefinitely, but few foresee any mass exodus either.

One in every four U.S. households, about 28 percent, now owns mutual funds, in contrast to 6 percent in 1980, according to a 1992 study conducted by the Investment Company Institute.

A typical shareholder's household has an income of \$50,000 and financial assets of \$114,000, excluding real estate and a company pension plan. About 60 percent of funds are sold through brokers, who are paid a commission by investors who want advice and handholding, and are generally a bit older than the average shareholder age of 47. No-load

funds families who sell directly to investors have a firm grip on the other 40 percent of sales. Their shareholders are somewhat younger, more sophisticated and self-directed investors.

Many fund groups see aging baby boomers as driving growth in the coming decade. Last week, Wells Fargo Bank launched a mutual fund family directed at affluent baby boomers, which will have target dates from 2,000 to 2,040 when shareholders will need the money. "They've spent a lot buying homes and cars, and now they're moving into their higher earning years where their objectives become planning for college and retirement," said Mrs. Hart of ICI.

If there is one wild card for fund purveyors, it is the millions of first-time investors who bought funds when rock-bottom interest rates drove them out of bank CDs and money-market funds. It is too soon to tell if they will revert to their former habits as interest rates move up.

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But with fears that the stock market is overpriced, many investors are opting for less risky equity funds. At Oppenheimer Management, the second-best seller right now is its Total Return fund, which is mostly conservative equities with a small fixed-income component.

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THE MONEY REPORT

Of Market Corrections, Global Recovery, and Opportunities in India

Members of a panel of experts in economics and investment offer their opinions on the world's major economies, currencies and financial markets.



Howard Flight, director,
Guinness Flight
Global Asset
Management

Given the sharp appreciation in equity and bond prices, a correction in the market looks inevitable. This is now happened. The issue for investors is whether this represents a major turning point, or whether market weakness will be followed by recovery.

The U.S. economy is now in its third year of recovery with recent robust growth, although the growth rates of the last quarter of 1993 are likely to slow during 1994. The British economy appears to be following behind the United States, although the recovery is less well established.

In Continental Europe, the core economies of France and Germany remain weak. At best, 1994 will see very modest growth. Italy is following a course more similar to that of Britain while the Spanish economy remains weak.

The Japanese economy shows no signs of recovery and is experiencing something close to depression, by Japanese standards, as a result of both excessive yen strength and the slowness of the bureaucracy in actually spending the fiscal stimulus package — there is the equivalent of \$250 billion of expenditure yet to be made.

As a whole, this does not present the case of a very strong global recovery and it is difficult to imagine all the mature economies moving forward together before the second half of 1995. This in turn suggests that it is unlikely that equity markets will peak before 1995-6, in the bull market cycle that started in 1991.

Outlook

This does not, however, remove the possibility of a large correction between now and then.

In the United States, short-term and long-term interest rates have clearly passed their floors in the present cycle. This is because the United States is three years ahead of Japan and Continental Europe, and in part the result of the Federal Reserve having reduced interest rates three years ago to low levels to reduce the severity of the recession.

Wage pressures remain subdued in the United States, and the probability of a considerably stronger dollar over the next 18 months should also be disinflationary. The rise that has already occurred in Treasury bond yields and the gradual rise expected in short-term dollar interest rates, combined with any equity market weakness may also serve to slow the pace of the U.S. recovery.

In Continental Europe, bond markets have foreshadowed lower, short-term interest rates where the downward slope of yield curves had become too steep.

Short-term interest rates are likely to continue to fall further in Germany, France, Italy and Spain, which in turn, can be expected to support bond markets and to lead to further falls in bond yields. Britain is something of a halfway house between the United States and continental Europe. Short-term interest rates are likely to fall marginally further, particularly if the psychological impact of the tax increases occurring this spring turn out to be more negative than many expect.

Many investors remain deeply skeptical of Britain's ability to restrain inflation given the past record, and what is perceived as a weak government. Much will depend on the extent to which the Bank of England acts in an independent fashion in managing the money supply, even if it does not have statutory independence.

In Japan, whether short-term interest rates fall even further will depend on whether the administration actually manages to spend the massive fiscal stimulus promised, and on the extent to which the yen remains significantly overvalued.

What all this amounts to is that clearly the greater part of the scope for capital gains from bonds in the present global economic cycle is now behind us; there remains worthwhile scope for bond yields to fall further and for capital gains on bond investment in Europe, largely as a result of the prolonged nature and severity of recession.

and especially following the recent corrections.

The most important factor in managing bond portfolios this year, is likely to be currency management, where sooner or later a significant strengthening of the dollar is likely, particularly against European currencies.

Between now and the end of the year, total returns on bonds in Europe, and quite possibly in the United States should exceed returns on cash. The main message, previously articulated, is that investors should not expect the high levels of total return from either equities or bonds as in 1993, to repeat themselves in 1994.

Core inflation has essentially stabilized in the 3 percent to 3.5 percent range in the past two years after more significant improvements during 1990-91 and that the consensus has tended to underestimate the strength of the recovery.

This helps to explain why we

took issue with the bond bulls who

saw a weaker economy as the main

market support in the final months

of last year. Occasional opportu-

nistic trading advice in precious

metals and mining shares was not

off the mark but required good

timing.

Following the interest rate cycle in Europe proved to be more of a challenge, just as the Bundesbank continues to live up to its reputation for wrong-footing the markets.

Clear sailing may not yet be ahead but at least the market can breathe easier, we hope. Last summer's storm on the European currency markets blew over and convergence became fashionable again.

As for markets, it took a bit of

courage to recommend Japanese

equities in the past year or so. Ex-

cept for a relatively brief nerve-

wrecking period in late 1993 how-

ever, the Nikkei's movements

within the established trading

range have provided opportunities

for investors, especially those who

were quick on their feet.

A look in the rear-view mirror

for this panelist does not come too

unnaturally. How good was the

investment advice? Above all, and on

a buy-and-hold basis, there were no

major misses, one or two dis-

appointments perhaps which were

treated as market conditions

changed. Overall, dollar-based in-

vestors with a medium-risk profile

should be smiling today if they had

followed the recommendations

made 10 months ago. With a little

help from the markets? Yes, but

fund managers are paid for identi-

fying market opportunities and

acting upon them.

Emerging equity markets have

become a more accepted asset cate-

gory for international investors and

the recommendation to focus on

Southeast Asia and Mexico turned

out to be timely as did the caveat

about their vulnerability to rising

interest rates. Despite the recent

corrections, their returns have so

far exceeded the initial estimates.

Finally, the high yield dollar debt

securities, both sovereign and cor-

porate have performed strongly un-

til the U.S. bond yields began back-

ing up. On balance, it has become a

good run; we hope you have en-

joyed it (and benefited from it). We

certainly did.

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SPORTS

Norway's Skiers Close the Season With a Big Day

Reuters

VAIL, Colorado — Jan Einar Thorsen won the season-ending men's super giant slalom to seize the super-G title, and Kjetil Andre Aamodt clinched the overall crown on a glorious day for Norway at the World Cup Finals.

Triumph for both Thorsen and Aamodt, who finished fourth in the race Thursday, came at the expense of Marc Girardelli of Luxembourg, the five-time World Cup champion, whose 10th place finish put him 5 points behind Thorsen for season honors in the super-G.

Thorsen won the race in one minute, 15.82 seconds. Lasse Kjus gave Norway more reason to celebrate by finishing second in 1:16.26.

Hans Knaus of Austria spoiled a Norwegian sweep by taking third place in 1:16.40, two-hundredths of a second faster than Aamodt, a triple medalist at the Lillehammer Olympics.

Aamodt, with an unassailable 285 point lead over Girardelli with two races to go, became the first Norwegian ever to win the World Cup overall championship.

Third place in the season's standings went to the American Tommy Moe.

Moe, who won the downhill and took silver in the super-G at the Olympics, finished sixth in 1:16.49.

Thorsen said he skied aggressively because he wanted to snap a string of two-four-place finishes in the super-G standings.

"I didn't expect at all to win," said Thorsen, who was stung out at Lillehammer. "My goal was to have a great run because I was tied for third in the standings," with Gunther Mader.

Austria's Mader was 12th in the race in 1:16.86 and finished fifth in the standings behind Aamodt.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE

Athletic Division

Team	W	L	Pct	GB
New York	44	19	.714	0
Orlando	36	25	.563	4
Atlanta	36	27	.540	6
New Jersey	33	30	.510	7
Boston	22	41	.333	21
Philadelphia	21	42	.333	22
Washington	19	44	.302	25

Central Division

Team	W	L	Pct	GB
Atlanta	41	19	.694	0
Cleveland	41	22	.671	2
Indiana	36	27	.541	6
Charlotte	27	34	.439	15
Detroit	17	46	.270	29
Milwaukee	17	46	.270	29

WESTERN CONFERENCE

Team	W	L	Pct	GB
Houston	47	17	.731	0
San Antonio	45	19	.714	2
Utah	43	21	.676	4
Denver	31	37	.459	12
Minnesota	17	46	.270	29
Dallas	8	56	.135	37

Pacific Division

Team	W	L	Pct	GB
Oakland	44	16	.742	0
Portland	41	21	.667	5
Phoenix	35	26	.544	10
Golden State	34	27	.511	11
Los Angeles Clippers	23	39	.371	23

SACRAMENTO 22 41 349 249

X-clinched playoff spot.

THURSDAY'S RESULTS

NHL Standings

EASTERN CONFERENCE

Atlantic Division

W L Pct GB

MILWAUKEE 29 13 .650 6

NEW YORK 29 13 .650 6

MONTREAL 27 15 .630 8

OTTAWA 26 16 .600 9

QUEBEC 25 17 .583 10

ST. LOUIS 24 18 .567 11

PHILADELPHIA 23 19 .550 12

DETROIT 22 20 .540 13

ATLANTIC 129 63 .667 26

WESTERN CONFERENCE

CENTRAL DIVISION

W L Pct GB

DETROIT 27 11 .714 0

ST. LOUIS 26 12 .694 1

PHILADELPHIA 25 13 .688 2

QUEBEC 24 12 .671 3

DETROIT 23 11 .667 4

ATLANTIC 129 63 .667 26

WESTERN CONFERENCE

PACIFIC DIVISION

W L Pct GB

OAKLAND 27 11 .742 0

LOS ANGELES 26 12 .694 1

DETROIT 25 13 .688 2

PHOENIX 24 12 .671 3

LOS ANGELES CLIPPERS 23 11 .667 4

PACIFIC 129 63 .667 26

PEANUTS

THE BALL WAS RIGHT OVER THE PLATE! WHY DIDN'T I SWING??

BLONDIE

DADDY'S HAVING SOMETHING REALLY EXCITING ON TV NOW!

WHY DO YOU SAY THAT, DEAR?

BECAUSE HE'S EATING PEANUTS LIKE MAD!

WELL, WHAT'S SO UNUSUAL ABOUT THAT?

HE ISN'T EVEN TAKING THEM OUT OF THE SHELLS...

WIZARD OF ID

SECOND TEST

AUSTRALIA vs. SOUTH AFRICA, SECOND DAY

FRIDAY, IN CAPE TOWN, SOUTH AFRICA

SOUTH AFRICA 1st Innings: 361 off cut

AUSTRALIA 1st Innings: 121

CRICKET

SECOND TEST

AUSTRALIA vs. SOUTH AFRICA, SECOND DAY

FRIDAY, IN GEORGETOWN, GUYANA

ENGLAND 1st Innings: 317

TRANSACTIONS

FOOTBALL

UEFA CUP DRAW

UEFA CUP SEMIFINALS

INTERNAZIONALE, ITALY 1, BORUSSIA DORTMUND, GERMANY 2

INTERNAZIONALE vs. INTERNAZIONALE, ITALY

CAP ITALIENS' CUP

PARIS ST. GERMAIN, FRANCE, vs. ARSENAL, ENGLAND

INDIANAPOLIS-SIGNED JON HORN, DEFENSIVE END.

KANSAS CITY-JACK STEPHENSON HAS RE-

JOHN FARNHAM, AUSTRALIA, TO PERFORM AT HOME AND OVERSEAS.

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SPORTS

cutor Backs Clemson
ing Decision Puts on the
evented 'Media Frenz'

The Associated Press

Clemson, trailing by four points and with its best player on the bench, began to press. That's press, not choke.

And that press, early in the second half, is not something Andre Bovain will forget. It helped the Tigers to a convincing victory over Southern Mississippi in the opening round of the NIT.

"You could just see it in their eyes," said Bovain, who finished Clemson's 96-85 victory with 20 points. "They were confused, they didn't know what to do with the ball. It seemed like they were scared to handle it, like they'd never seen it before."

The Golden Eagles (15-15), who had 10 points from Glenn Wisby, were forced into 19 second-half turnovers.

"We had just two turnovers at the half and then went bananas when Clemson put the press on," said Southern Mississippi's coach, G.K. Turk. "We had every kind of isolation that you can think of."

Clemson also got 19 points and 10 rebounds from Devin Gray to advance to a second-round meeting against West Virginia.

The Tigers (17-15) trailed 52-48 when they had star center Sharone Wright on the bench with four fouls when coach Cliff Ellis called for the press.

It immediately paid off as the Clemson guard Lori Richie had a steal and five points over the next three minutes to give the Tigers a 63-57 lead.

Villanova 103, Kansas 79: In Villanova, Pennsylvania, Kerry Jones had a career-high 34 points and Villanova's biggest output of the season.

Kitties scored 16 points during a Villanova spurt in the second half, making it 66-46 with just over 13 minutes left. During the surge, Kitties had two steals. Villanova (6-12) will play Duquesne in the second round.

West Virginia 85, Davidson 69: Morgantown, West Virginia, avenged Greene scored 19 points, and West Virginia took advantage of Davidson's mistakes.

After trading baskets early, West Virginia (17-11) took advantage of turnovers, and used a 15-2 surge to up 20-7. The Mountaineers outlasted Davidson (22-6) 40-33, while the Wildcats committed 19 turnovers and shot just 42 percent.

Old Dominion 76, Manhattan 74: Norfolk, Virginia, Kevin Swannak four free throws in the final 22 seconds to secure the victory for Old Dominion (21-9) over Manhattan (19-11).

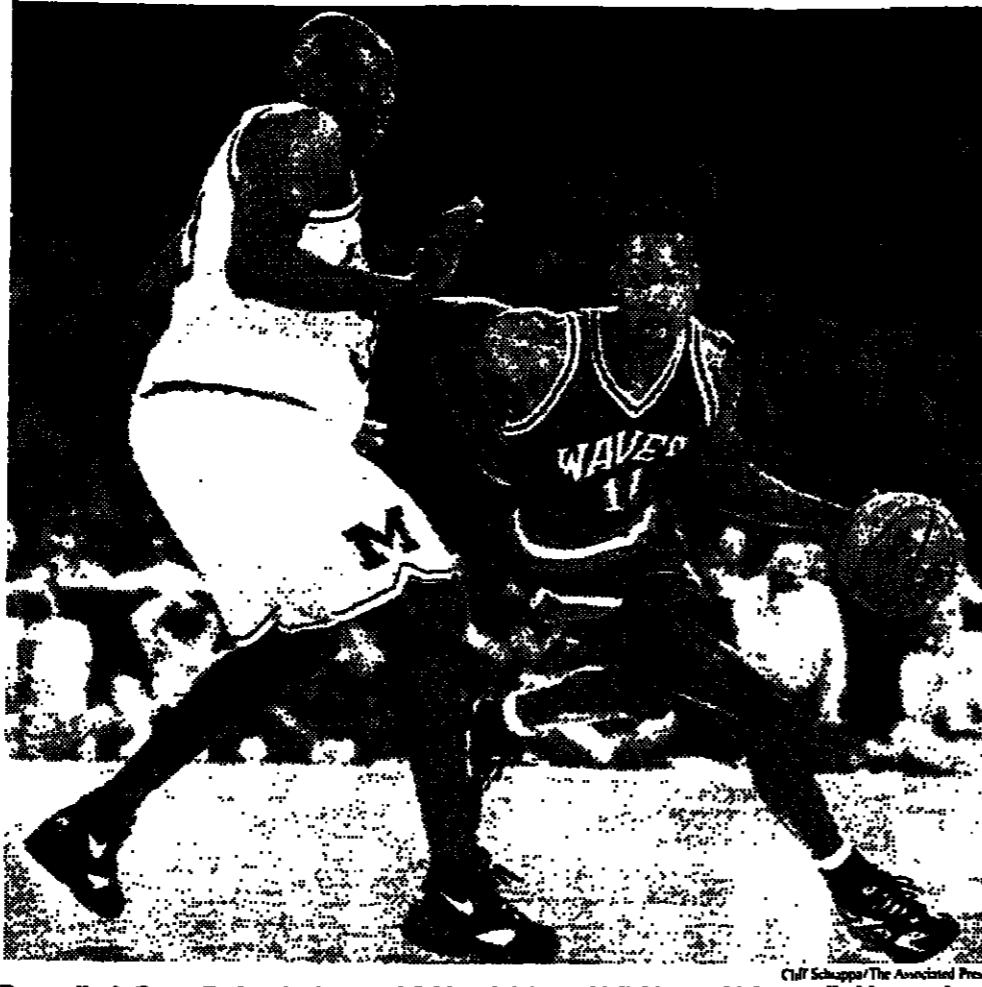
Kansas State 76, Mississippi State 67: In Manhattan, Kansas, aka Jones shook off a two-game shooting slump and scored 20 points to lead Kansas State (18-12), which next plays Gonzaga.

Jones had eight total points in Kansas State's last two games, but against the Bulldogs he hit eight of 10 shots.

Gonzaga 80, Stanford 76: After Stanford (17-11) rallied to tie it 63-3 with 6:32 left, Jon Kintoch made a 3-point jump to put visiting Gonzaga (22-7) up for good.

Brigham Young 74, Arizona State 67: With starting guard Kurt Linstrom hurt and Russell Larson on the bench with foul trouble or nine minutes of the second half, BYU (22-9) still triumphed at home.

Freshman's Late Surge Helps North Carolina Stave Off Upset



Pepperdine's Bryan Parker driving past Makhtar Mdiaye of Michigan, which prevailed in overtime.

The Associated Press

Rasheed Wallace fueled a late run that helped defending champion North Carolina avoid what would have been the biggest upset in National Collegiate Athletic Association tournament history with a 71-51 victory over feisty Liberty in the first round of the East Regional on Friday in Landover, Maryland.

Wallace had six points in a 16-second surge that helped the top-ranked and top-seeded Tar Heels advance to the second round for the 13th straight season.

Liberty, the Big South Conference champion, made a strong showing for 30 minutes in its first NCAA tournament game. But the Flames were held scoreless for nearly seven minutes down the stretch, a slump that proved fatal.

Boston College 67, Washington St. 64: In Landover, Gerrod Abram broke a tie by making two free throws with five seconds remaining, and Boston College overcame a miserable first half to beat Washington State.

In games played Thursday:

Pennsylvania 90, Nebraska 80: In Uniondale, New York, the Quakers dropped the Comrehunks to 0-5 in the NCAA tournament as Barry Pierce scored 25 points and Jerome Allen 19.

George Washington 51, Ala.-Birmingham 46: Yinka Dure, the Nigerian center, scored 16 points for George Washington. The Colonials scored just 20 points against the Blazers in the second half.

Florida 64, James Madison 62:

Dan Cross drove the lane for a running one-hander with 7.2 seconds left against the Dukes. Greg Williams made a 3-pointer with 48 seconds left as Florida went ahead 62-60, but Clayton Ritter made two free throws 15 seconds later.

SOUTHEAST REGIONAL: Marquette 81, SW Louisiana 59.

On Friday in St. Petersburg, Florida, Damon Key scored 24 points and led a 10-second-half run that enabled Marquette to pull away from Southwest Louisiana.

Key scored 13 points in the second half, and Rodney Eford, who finished with 20, helped power the Warriors' burst that carried the War-

riors past the Ragin' Cajuns.

Kentucky 83, Tennessee State 70: In St. Petersburg, Florida, Rodrick Rhodes and Andre Riddick scored 22 points to lead Kentucky. The Wildcats led 25-24 at halftime before opening up an 18-point lead midway through the second half.

In games played Thursday:

Purdue 96, Central Florida 67: In Lexington, Kentucky, Glenn Robinson scored 8 of his 31 points with 12 seconds left in overtime. Peppermint missed its first four shots of OT.

Massachusetts 78, SW Texas St. 60: Lou Roe scored 21 points and Mike Williams had 20 for the Minutemen, who took a 36-40 lead on Danna Dingle's rebound basket with 10:02 left.

Texas 91, W. Kentucky 77: B.J. Taylor and Rodrick Anderson helped Texas overcome a second-half deficit with a 12-2 run that put the Longhorns ahead 56-52 and

MIDWEST REGIONAL: Oklahoma St. 65, New Mexico St. 55: On Friday in Oklahoma City, the Cowboys overcame a sub-par game by Bryant Reeves and shook off New Mexico State in the final eight minutes.

SOUTHEAST REGIONAL: Marquette 81, SW Louisiana 59.

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riors past the Ragin' Cajuns.

Wis.-Green Bay 61, California 57: In Ogden, Utah, John Martinez added 13 points, including three 3-pointers, for the Phoenix, on their second trip to the tournament. Leonard Murray had 18 points and Jason Kidd just 34 percent.

Missouri 76, Navy 53: Norm Stewart pulled all his starters when the Midshipmen led 20-17 with 5:50 left in the half. The subs, who averaged a total of 8.6 points a game during the season, gave Missouri a 12-6 start while playing nearly five minutes.

Syracuse 92, Hawaii 78: Lawrence Moten scored 29 points, including seven during a crucial second-half run, and John Wallace added 24 for the Orangemen, who returned to the tournament from a one-year absence caused by probation. Trevor Ruffin had seven 3-pointers for the Rainbows.

Wisconsin 80, Cincinnati 72: Randy Griffith scored 22 points and grabbed 15 rebounds, and Michael Finley had 22 points for the Badgers. Dontonio Wingfield scored 20 points and grabbed 10 rebounds for the Bearcats.

Tulsa 112, UCLA 102: In Oklahoma City, Gary Collier scored 34 points as Tulsa ran out to a 29-point lead in the first half and held on to upset fifth-seeded UCLA. It was the first time Tulsa had won a first-round game in the tournament.

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Texas 91, W. Kentucky 77: B.J. Taylor and Rodrick Anderson helped Texas overcome a second-half deficit with a 12-2 run that put the Longhorns ahead 56-52 and

Michigan 78, Pepperdine 74: In Wichita, Kansas, Juan Howard scored 28 points for the Wolverines, who weren't assured of victory until Jimmy King made two free throws with 12 seconds left in overtime.

Peppermint 74, Tulane 70: Richard Scott had a career-high 26 points to lead the Jayhawks to a 22-point lead before opening up an 18-point lead midway through the second half.

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George Washington 51, Ala.-Birmingham 46: Yinka Dure, the Nigerian center, scored 16 points for George Washington. The Colonials scored just 20 points against the Blazers in the second half.

Alabama 76, Providence 70: Freshman Antonio McDowell had 7 points in a 10-second-half run for the Crimson Tide, who went 8-for-17 from 3-point range and had a 44-30 rebounding advantage.

Florida 64, James Madison 62:

couple those standards with the demand for huge success, career longevity and strategic innovation, you cut it worse than Knight.

Smith might be the only active coach on that list.

Chaney has carried a heavier burden than Smith, having accepted a role as a leader among black coaches. What a mix: local deity, first available scapegoat in defeat and leader of your people.

Over the years, Chaney erupted occasionally, revealing a bit of underdog bully. He probably deserved a comeuppance. But not the one he inflicted on himself. How can he ever truly live down his "I'll kill you" performance at the press conference of the Massachusetts coach, John Calipari? How can you ever view a coach the same after he's admitted — screamed, actually — that he tells his players to use borderline tactics?

Some maintain that Temple should have disciplined Chaney more severely. Why bother? What greater punishment could anyone wish on a man than that he have his public reputation — built over a lifetime — in a minute of anger?

Chaney may not have digested his experience yet. Millions of people saw his tantrum. Doesn't he hope that this NCAA tournament can give the public a more sympathetic memory of him?

"The people who know me are the people who count," said Chaney, his natural torque turned tighter. "And I can count those people. I can't worry about the people who don't count."

With luck, and two or three Temple victories, Chaney may leave a different taste behind him at season's end. He doesn't deserve the trophy for Worst Coach Behavior. That really ought to belong to Knight. After all, Chaney merely told Calipari, "I'll kick your ass." Knight stood before 17,000 Indiana fans and said he wanted to be "buried upside down so my critics can kiss my ass."

Presumably, any coach at a respectable institution would have been fired for such public comments. But Indiana University still answers to the state of Indiana, so Knight's safe.

"When I saw him say that," said the George Mason athletic director, Jack Kvancz, "I thought,

"He's crazy." But then they showed the Indiana crowd giving him a standing ovation and I thought, "No, they're the ones who are crazy."

So far this season Knight has kicked either his son, who plays for him, or his son's chair, missing his son by a hair. He beat-butt another of his players during a chew-out. Or, accidentally beat-butt one of his players.

Knight likes to be the center of conversation at this time of year. He doesn't have to worry. He is. Even his coaching colleagues wonder and worry about him, but none will go on the record. The other night, within a single minute, Knight showed how a man can be both a diamond and a lump of coal. He was asked if he approved of the 3-point shot.

He answered: "No. A 10- or 12-point lead built through better basketball can be shot down too easily. It's like catching trout with worms. You ought to catch 'em with flies."

Next question?

Why did you tell your critics to kiss ... ?

"It just struck me," he said, "as something that would entertain me a little bit."

Hero or Villain? 3 Coaches Walk Along College Basketball's Fine Line

By Thomas Boswell
Washington Post Service

WASHINGTON — To an even greater degree than other coaches, college basketball leaders live in a world that combines the pressure to succeed and the intoxication of success. Over a lifetime, it's a hard combination with which to cope.

You're treated like a god, not for years but for decades. Through your entire state, or perhaps your whole region, you are a symbol of the winner, the teacher, the molder of youth. Yet every day, you wake up scared as hell. Unlike leaders in other fields, you are not cut out of a slot. Young ambitious men are tunneling under your throne, day and night.

If you doubt the distorting power of this lifestyle, watch Bobby Knight, John Calipari and Dean Smith in the NCAA tournament East Regional. Few coaches have managed the challenge of constant stress and ceaseless dedication as well

as Smith. Chaney is a man in the middle who maintains his balance most of the time, yet periodically goes over the edge. Perhaps none has ever handled it worse than Knight.

For some, Smith is a whiner, a sore winner, overly porous. For others, he's the ultimate control-freak overcoach. A couple of his Carolina teams, laden with future National Basketball Association stars, couldn't have accomplished less if they'd been entrusted to the team mascot. To a few, Smith even inspires a mild pity. How depressing for a person who reads Kierkegaard to lead a public life conducted almost entirely in ritual clichés. Years ago, if you asked Smith an honest question, there was a visible pause as the candid truth flashed across his mind, then was wrestled into submission. Now, the pause is gone.

All in all, however, Smith, who won his 800th game this month, has left a coaching canon that's enormously admirable. History requires certain minimum requirements in its coaching heroes — honesty, sportsmanship, the capacity to teach young adults as well as coach athletes. Once you

couple those standards with the demand for huge

success, career longevity and strategic innovation,

you cut it worse than Knight.

Smith might be the only active coach on that list.

Chaney has carried a heavier burden than Smith, having accepted a role as a leader among black coaches. What a mix: local deity, first available scapegoat in defeat and leader of your people.

Over the years, Chaney erupted occasionally, revealing a bit of underdog bully. He probably deserved a comeuppance. But not the one he inflicted on himself. How can he ever truly live down his "I'll kill you" performance at the press conference of the Massachusetts coach, John Calipari? How can you ever view a coach the same after he's admitted — screamed, actually — that he tells his players to use borderline tactics?

Some maintain that Temple should have disciplined Chaney more severely. Why bother? What greater punishment could anyone wish on a man than that he have his public reputation — built over a lifetime — in a minute of anger?

Chaney may not have digested his experience yet. Millions of people saw his tantrum. Doesn't he hope that this NCAA tournament can give the public a more sympathetic memory of him?

"The people who know me are the people who count," said Chaney, his natural torque turned tighter. "And I can count those people. I can't worry about the people who don't count."

With luck, and two or three Temple victories, Chaney may leave a different taste behind him at season's end. He doesn't deserve the trophy for Worst Coach Behavior. That really ought to belong to Knight. After all, Chaney merely told Calipari, "I'll kick your ass." Knight stood before 17,000 Indiana fans and said he wanted to be "buried upside down so my critics can kiss my ass."

Presumably, any coach at a respectable institution would have been fired for such public comments. But Indiana University still answers to the state of Indiana, so Knight's safe.

"When I saw him say that," said the George Mason athletic director, Jack Kvancz, "I thought,

"He's crazy." But then they showed the Indiana crowd giving him a standing ovation and I thought, "No, they're the ones who are crazy."

So far this season Knight has kicked either his son, who plays for him, or his son's chair, missing his son by a hair. He beat-butt another of his players during a chew-out. Or, accidentally beat-butt one of his players.

Knight likes to be the center of conversation at this time of year. He doesn't have to worry. He is. Even his coaching

DAVE BARRY

The Irregularity Strain

MIAMI — Mutant constipated worms. It's a topic we all THINK about a lot, but what do we really KNOW about it?

The answer, I am pleased to report, is: more every day, thanks to the efforts of a professor named Jim Thomas in the genetics department of the University of Washington in Seattle. Thomas has an entire laboratory devoted to studying irregularity in worms.

I learned of Thomas's work through one of his alert graduate students, Greg Derby, who sent me a lengthy scientific paper that Thomas had written. In an accompanying letter, Greg wrote: "Notice that Jim was not merely content to describe how worms poop. Oh no. We geneticists are a twisted lot, because we LOVE mutants, so Jim went and zapped worms with nasty chemicals to make MUTANT WORMS THAT ARE CONSTIPATED. Really, it's all there in the paper. I know you can't understand most of it, so I have highlighted the word 'constipated'."

Craig — who is not afraid to use capitalization for emphasis — added that "JIM'S RESEARCH IS FUNDED BY THE U.S. GOVERNMENT! HE IS SPENDING TENS OF THOUSANDS OF DOLLARS OF TAXPAYERS' MONEY TO MAKE CONSTIPATED WORMS!!!!!!!"

Let me state that, as a taxpayer, I would much rather see my tax money spent on mutant constipated worms than on the Senate Judiciary Committee. Not that there is such a huge difference.

But as a journalist, I feel a fundamental responsibility to you, the public, to check out stories that involve the use of your tax money for scientific projects in cities that have good microbrewery beer. So I went to Seattle. Thomas's office is located in the university's Health Sciences Building, which is very scientific. I say this because of the bulletin boards. Back in the '60s when I was in college, our bulletin boards were covered with announcements of festive events such as dances, concerts and the violent overthrow of the U.S. government. Whereas the first bulletin board I saw in the Health Sciences Building had this posted on it: "A KERATIN 14 MUTATION AL HOT SPOT FOR EPIDERMOLYSIS BULLOSA SIMPLEX-DOWLING-MEARA."

Knight-Ridder Newspapers

PARIS — Back in the brazen 1960s, the filmmakers known as the Czech New Wave triumphed with work that was as anarchic in its way as more heated American and European films but that also had a mocking and pastoral tenderness. Then, in 1968, the Russian tanks rolled in. Such directors as Ivan Passer and Milos Forman

MARY BLUME

went West and lost something in translation. Jiri Menzel, whose "Closely Watched Trains" had won an Academy Award for best foreign film in 1967, stayed on and after making "Larks on String" was banned from filmmaking for five years.

"Larks on String," a comedy based on short stories set in 1950s Czechoslovakia, was finally released 20 years later and won a Golden Bear at the Berlin film festival. During his banishment from films, Menzel directed plays and acted.

As one might suppose from a poker face that makes Buster Keaton look giddy, he specialized in comic roles. He directed plays in Paris, Switzerland, Germany, Finland, Sweden and Yugoslavia and returned to films when the ban was lifted. In 1991 he directed the movie of Vaclav Havel's stage adaptation of "The Beggar's Opera" by John Gay.

Havel's play owed nothing to Brecht's version, which Menzel finds humorless and dry. "Havel showed how easy it is to misuse language, that's the motor of the piece. By the time he finished it, he was banned."

Havel, setting the play in 1920s Prague, emphasized the collusion between police and thieves. By the time Havel had been freed and elected as his country's president, the work had taken on resonances about the collusion between certain dissidents and the secret police, similar to that of East German intellectuals and the Stasi. "At the end, Havel made a speech saying I swear I wrote this play 16 years ago and not today."

In all, Menzel has seen a lot of politically induced time lags, and it is not surprising that his new film, "The Life and Extraordinary Adventures of Private Ivan Chonkin," has been years in the making.

It is based on a Russian novel by Vladimir Voinovich that was smuggled out of the U.S.S.R. via the YMCA in Paris, as the works of Pasternak and Solzhenitsyn were, and published in the West in 1969 ("The Soviet 'Catch-22' as written by a latter-day Gogol," said The New York Times). It has since been published in some 20 languages, including Japanese. Having made fun of the army, the party and the KGB, Voinovich lost his citizenship and moved to Munich. The book finally came out in Russia in 1989 and was praised for its "liberating power of laughter."

In London, the producer Eric Abraham was introduced to the novel by his wife, Katalin Krausova, in 1986. It has taken seven years to pull off the production, six of which went to Menzel to be free.

The film is backed by Abraham's Portobello Pictures, as well as by French, Italian and Czech money and a Russian company with the unfortunate name of Trieste.

Abraham took the bold decision of filming in Czechoslovakia with a Russian cast that Menzel describes as "the cream of cream" and in the Russian language. "I learned Russian at school because I had to," Menzel said. "In the past I did not always like the sound of the language, but from the actors in the film it sounds very pleasant."

The film, which will be shown at the Cannes festival in May, is set in 1941. Chonkin (Gennadi Nazarov) is a jaded recruit sent by army bureaucrats to guard a downed Russian biplane in a remote village, and then forgotten.

The village, with its thieving Communist leader, its vodka still hidden behind a party banner, and its plump and earthy young postmistress (Zoya Buryak), with whom Chonkin falls in love, serves as a microcosm and as a contrast to heartless officialdom.

The young couple is charming and the fact that the film is set on the eve of an atrocious war adds to its poignancy. "I hate war and I also hate war films because most war films love war," Menzel said.

"When I was a little boy, just after the war, there were many black-and-white films about Russian heroism. But I wanted to show that the war in the Soviet Union was not a victory against the Nazis but the start of a great tragedy. The regime betrayed the Russian military because it believed in Hitler until the very last minute. The Russian army was bigger than the German, but they had no arms."

In the film, the added army mistakes Chonkin for the enemy and attacks in arctic gear although it is full summer; their rifles lacking bullets. Chonkin and his girlfriend climb happily into the little airplane and fly away.

Now 55 and wearing the rosette of a French Officer of Arts and Letters ("No one in Prague knows what it is"), Menzel attended the famous FAMU film school, where



Menzel (left) with Gennadi Nazarov, star of "The Life and Extraordinary Adventures of Private Ivan Chonkin."

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Milan Kundera taught comparative literature. The Czech New Wave, he says, gained strength from having to work under the constraints of the Communist regime.

"Now we can say everything. When you can say everything, there is nothing to say."

"There is too much stuff now that is sophisticated, quasi-intellectual, showing off. It's too bad, the same thing is happening in Germany and the result is that audiences prefer American films. The super-artistic wave is really dangerous."

The special brand of Czech humor — knowing and pointed, but without sarcasm — can be traced back to the violence following the Hussite movement of the 14th century, Menzel says. "Since then, there is official and unofficial thinking. Everyone learned to think two ways — to agree and to be subversive. Czechs are always skeptical. They know how to survive, it is in their blood."

The great Czech comic classic about the military is of course Jaroslav Haesek's "The Good Soldier Schweik." Why did Menzel choose to film the Vojnovich novel instead? For one thing, "Schweik" has been filmed often and unsuccessfully, he says.

"It is too big, with not enough drama. Chonkin is more closed, even if the subject is bigger. And it has love and tenderness. I don't think Haesek liked people very much. Vojnovich has a heart."

PEOPLE

'Imperfect' Pavarotti Delays Manila Concert

Luciano Pavarotti postponed his Manila concert Friday evening less than an hour before it was to begin. The opera star had caught a cold that he said made his voice less than perfect, and "I do not want to stage a concert which is not perfect." Organizers announced the postponement to Monday, while many of the country's social elite waited outside the concert hall with tickets that had cost as much as \$300. One of those who came and left disappointed was Imelda Marcos, the former first lady, who is out on bail pending an appeal of an 18-year jail sentence for corruption. The postponement means Pavarotti will have to cancel one of two concerts in Kuala Lumpur.

Hank Williams Jr. will visit Japan for the first time in 10 years, with two concerts next month in Tokyo and Oita. "It's been 10 years since Hank has performed in Japan, and that was mainly for the American military personnel stationed there," Merle Kilgore, his manager, said. "This time he's going over to entertain his Japanese fans."

A car clipped Gene Shultz while he crossed a street in St. Petersburg Beach, Florida, sending the much-maligned movie critic for the "Today" show to a hospital with a broken leg.

Prince Charles will make his first visit to Russia in May. The prince's trip will center on Saint Petersburg, where Business Leader Forum, of which Charles is president, is working to help preserve works of art and literature in the city's museums and galleries.

Ozzy Osbourne has discovered a stunt even more dangerous than biting the heads off live bats: inviting his fans to join him onstage. Osbourne made that invitation at a March 28, 1992, concert and started a stampede. His attorney called it "a really stupid thing to do" and an Orange County, California, jury agreed, ordering the heavy-metal rocker to pay \$60,000 to an electrician trampled in the stampede.

INTERNATIONAL CLASSIFIED

Appears on Pages 7 & 11

WEATHER

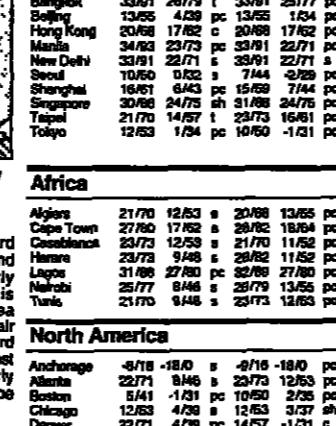
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Forecast for Sunday through Tuesday, as provided by Accu-Weather.



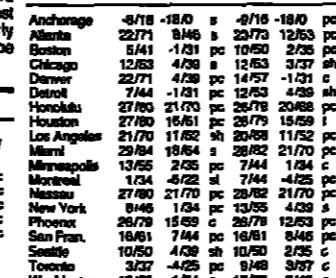
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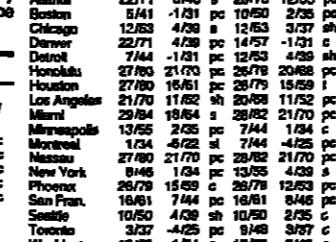
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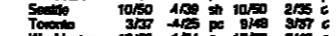
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Forecast for Sunday through Tuesday, as provided by Accu-Weather.



Latin America

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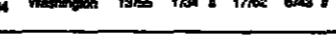


Middle East

Forecast for Sunday through Tuesday, as provided by Accu-Weather.

Oceania

Forecast for Sunday through Tuesday, as provided by Accu-Weather.



Legend

= sunny

= partly cloudy

= cloudy

= rain

= snow

= wind

= thunderstorms

= lightning

= sunrises

= sunsets

= frost

= fog

= haze

= humidity

= humidity